

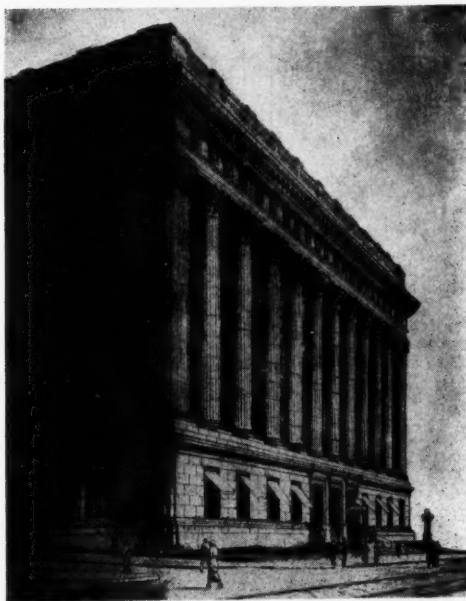
The NATIONAL UNDERWRITER

Life Insurance Edition

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"The Power to Succeed Is Yours — Use It"

This highly personalized theme has been chosen by The Association of Agents for their Annual Meeting at the Home Office, July 26-27-28. Approximately 1,000 will attend, at their own expense.

Since its organization 80 years ago, thousands of Northwestern Mutual underwriters have made outstanding records in this business through the consistent and abundant use of their power to succeed.

The forthcoming 61st Annual Meeting will record another chapter in this long record of achievement; while the program will help every attending underwriter to see and feel anew the *full* power to succeed that he or she can possess and use.



More than 600,000 Americans have banded together in The Northwestern Mutual Life Insurance Company for the financial security of themselves and their families. Its assets, as reported to state insurance departments, total over a billion dollars . . . a great estate administered for mutual welfare and protection . . .

FRIDAY, JUNE 4, 1937

IT TAKES ALL 3



TO HAVE A WEDDING and ACCIDENT-HEALTH-LIFE INSURANCE to offer COMPLETE PROTECTION

Did you ever hear of a "one-man" wedding? Of course, you didn't. Nor have you ever heard of complete personal protection with straight life insurance. It takes all 3 to do the complete job. Life-Accident- and Health Insurance.

Any one of the three—loss of life, serious accident, or an extended sickness, will result in economic loss for both the unprotected individual and his dependents.

That's why B. M. A. salesmen are doing such an excellent job of selling . . . and why the Company has shown an increase each month for 22 consecutive months. They are offering their clients complete protection, which always includes Life, Accident and Health protection.

BUSINESS MEN'S ASSURANCE CO.

Kansas City, Missouri

W. T. GRANT, President

Dependability

Protecting industry, business and individuals against financial loss, these Companies have paid more than \$155,000,000.00 to policyholders and their beneficiaries.

Involving more than two million individual claim and other payments, these figures are important in that they demonstrate the soundness and dependability of Continental as an institution.

Protection, proved by past performance since 1897, is offered to you and your clients in practically all forms of insurance and bonding service.

Continental

ASSURANCE COMPANY

CHICAGO, ILLINOIS

Affiliated with

CONTINENTAL CASUALTY COMPANY

The NATIONAL UNDERWRITER

Forty-first Year—No. 23

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, JUNE 4, 1937

\$3.00 Per Year, 15 Cents a Copy

Asks Congress to Stop Loopholes

President Roosevelt Sends Special Message to Congress Blasting Tax Evasion Schemes

3 OF 8 AFFECT INSURANCE

Immediate Action Demanded This Session on Worst Offenses, With Clean-Up Law Later

WASHINGTON, June 3.—Insurance may be affected by the President's drive on tax evasion, urged in his message to congress, but it is impossible to tell how far. In his list of eight methods of tax evasion in his letter to the President, Secretary of the Treasury Henry Morgenthau listed three that are concerned with life insurance and pensions, but one of them has to do with foreign companies.

The extent of the effect on life insurance can only be seen by observing the measures introduced in Congress to meet the President's demand for legislation at this session specifically and exclusively aimed at making the present tax structure evasion proof. "We face a challenge to the power of the government to collect, uniformly, fairly and without discrimination, taxes based on statutes adopted by the Congress" the President's message said. It is the duty of the Congress to remove new loopholes devised by attorneys for clients willing to take an unethical advantage of society and their own government, the message stated. "Very definitely, the issue immediately before us is the single one relating to the evasion or unethical avoidance of existing laws."

Eight Methods of Evasion

The eight methods of evasion listed by Secretary Morgenthau were as follows:

1. Personal holding companies incorporated in the Bahamas, Panama, Newfoundland, etc.
2. Foreign life companies in the Bahamas. Tax payers buy large insurances for single premiums, and immediately borrow back practically the entire sum, and then claim the deduction of the interest paid on such policy loans. By this means five prominent Americans sought to evade nearly \$550,000 in income taxes in the years 1932 to 1936.
3. Domestic personal holding companies.
4. Incorporating yachts and country estates.
5. Artificial deductions for interest, losses, etc., such as on loans from family trusts.
6. Multiple trusts for relatives and dependents. Life insurance trusts are not specifically mentioned, but Mr. Morgenthau's letter says:

"Splitting income two ways, between

(CONTINUED ON PAGE 12)

Business Program Arranged for Commissioners' Meeting

GEORGE BOWLES TO PRESIDE

Mortensen of Wisconsin to Discuss Retrospective Rating—Blackall to Consider Compulsory Problem

OKLAHOMA CITY, June 3.—The business program announced by Secretary Jess G. Read, Oklahoma commissioner, for the annual convention of the National Association of Insurance Commissioners at Philadelphia, June 21-23, reserves the first morning for registration and the afternoon for committee meetings. At the second day's session Governor Earle of Pennsylvania, Mayor Wilson of Philadelphia and Commissioner Hunt of Pennsylvania will welcome the guests. Commissioner Mortensen of Wisconsin will present a paper on "Retrospective Rating." This will be followed by committee reports, general discussions, etc. The Wednesday morning session will open with a paper on "Compulsory Automobile Insurance or What?" by Commissioner Blackall of Connecticut to be immediately followed by discussions and committee reports. The afternoon will be reserved for executive session.

Because of the inability of President Ernest Palmer, the Illinois director, to attend, Vice-president George A. Bowles, Virginia commissioner, will preside, Mr. Read announced.

PLAN TO BROADCAST TALK

PHILADELPHIA, June 3.—The annual convention of the National Association of Insurance Commissioners here June 21-23, will be broadcast over WEAJ and the red network of the N. B. C. June 21, from 6 to 6:15 p. m. eastern daylight saving time.

The original intention was to have President Palmer, Illinois superintendent, speak, but as Mr. Palmer has not recovered from his recent operation, his place will be taken by Superintendent Pink of New York.

Sam Cummings Announces Theme of Denver Convention

O. Sam Cummings, chairman of the national convention program committee, has announced "Social Security Through Life Insurance" as the theme of the annual convention of the National Association of Life Underwriters to be held in Denver Aug. 23-27.

In interpreting the theme, Mr. Cummings made the following statement:

"Security for the individual, and social security—which term, when used in the United States, refers to economic security for the American people—is the hope and expectation of millions of our citizens.

"The institution of legal reserve life insurance in the United States has provided security for Americans for over a century.

"We have delivered billions of dollars of security to Americans in the last 100 years. Our plan for providing security has weathered the storms of war, pestilence and economic upheaval. Never

(CONTINUED ON PAGE 12)

Famous Illinois Code Bill Ready for Governor's Pen

FINALLY PASSED WITH BANG

Monumental Measure Goes Through Both Houses Unanimously While Palmer Is on Sick Bed

SPRINGFIELD, ILL., June 3.—The house of representatives yesterday afternoon, by a vote of 149-0 and without debate, passed the new insurance code. Fifteen minutes later the code was shot over to the senate, where that body by a vote of 32 to 0 and also without debate, concurred in all the house amendments.

The measure then went to Gov. Horner for his signature, which is assured.

This action brought an end to one of the longest controversies over a bill in the history of the Illinois legislature. The measure was defeated in the last regular session, and again in a special session which followed. Passage of the measure came as a surprise, and especially without debate. Earlier in the day house leaders had decided not to call the measure because of the lengthy debate expected. Opposition to the bill was ironed out a little later, however, and the bill passed. The bill went through without a single member arising to explain his vote.

Appreciation to Palmer

Representative Adamowski, in calling the bill, briefly said, "This is a good bill and deserves to pass. I hope that every member will vote for it out of appreciation to Insurance Director Ernest Palmer who is ill in the hospital."

With these remarks, the clerk began calling the roll. Only a few minutes later the code had passed without a whimper.

When the code arrived in the senate, Insurance Chairman Keane briefly explained the house amendments. All were adopted together. In the senate as in the house no member arose to explain his vote.

The code was introduced Feb. 17. After considerable debate, this bill was tabled and a new bill embodying provisions of the code introduced on March 24. It passed the senate April 8.

Before the code goes to the governor for his signature, it will be signed by the president of the senate and the speaker of the house, and then sent to the attorney-general for an opinion.

It was in June, 1933, that Insurance Director Palmer announced his intention to bring about a recodification of the Illinois insurance laws. Since then, almost each week the code's progress has been a matter of insurance news. It has provoked some bitter controversies. There have been countless maneuvers recorded and unrecorded. Twice previously the code met defeat in the legislature. It set various factions in the business against one another, at various times.

Although the London Lloyds issue dominated the discussion during these last successful deliberations on the code, there have been many other issues.

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Actuaries Embark Upon a Crusade

Launch Movement Looking to Revision of Gain and Loss Exhibit

V. R. SMITH PRESIDENT

Gain From Mortality and Lapses, Loss From Savings Are Dangerous Distortions, Institute Speakers Say

Members of the American Institute of Actuaries at their annual meeting in Chicago came close to deciding to go on a crusade in the closing half hour. It is very likely that at the meeting this fall, which will be in Chicago Oct. 28-29, the crusade will take more definite shape.

What practically all of the actuaries seem to want is a revision of the gain and loss exhibit in the annual statement blank. They object to the entries which make it appear that the life companies are over charging the assured in respect of the mortality element, that they are extravagant insofar as the expense loading is concerned, and that they are the winners upon lapsation of policies.

A very lengthy paper on "The Convention Statement of Life Insurance Companies," was introduced at the Chicago meeting by Clinton O. Shepherd, assistant actuary of the Travelers. There was some general discussion on phases of Mr. Shepherd's paper and it is likely that at the fall meeting this subject will be treated extensively and the beginning of a program for reform of the gain and loss exhibit may be seen.

Contest in Election

The actuaries like a contest and so two were placed in nomination for president to succeed R. C. McCankie, Equitable Life of Iowa, who completed his second term. Those nominated were V. R. Smith, general manager and actuary of the Confederation Life, and R. A. Hohaus, assistant actuary Metropolitan Life. Mr. Smith was the winner.

For a number of years Mr. Smith has taken a prominent part in the affairs of the American Institute and can always be counted upon to present an interesting discussion at the meetings. He is president of the Canadian Life Insurance Officers Association.

Two vice-presidents were elected, they being Mr. Hohaus and W. F. Poorman, Central Life of Iowa, who has served as secretary of the Institute for several years. The new secretary is W. D. MacKinnon, Equitable of Iowa. Wilbur M. Johnson, Central Life of Illinois, was re-elected treasurer; J. S. Elston, Travelers, re-elected editor and E. L. Marshall, LaFayette Life, re-elected librarian. Those elected to the board of governors were Walter Menge, University of Michigan; John Cameron,

(CONTINUED ON PAGE 12)

Eyes of Actuaries Cover Much Ground

GIVE HIGHLIGHTS OF INSTITUTE DISCUSSION

Use of Options

Find Big Increase in Settlements Due to Generous Guarantees

Oliver Perrin, Penn Mutual, in discussing the general topic of settlement options at the annual meeting of the American Institute of Actuaries in Chicago, said that in 1900 the proceeds of Penn Mutual policies at interest amounted to \$298,000, whereas last year they amounted to \$38,000,000. Since 1930 there has been a big increase, he said. There was a gain of \$7,000,000 in 1936. It is estimated that 40 percent of the claims in 1936 have gone on an election. Ten percent of all policies in force are under one of the options.

Richard C. Guest, State Mutual Life, gave the report of an analysis of 40 companies. He found that in 1936, 26 percent of death and endowment proceeds were being paid out in instalments. In 1935, it was 25 percent; in 1934, it was 22 percent. There was wide variation among companies. For instance, the minimum was about 4 percent in each of the three years, whereas the maximum was 56 percent in 1936, 57 percent in 1935 and 53 percent in 1934. There was an increased trend until 1935, but there was a slowing up last year, he said. In 1935, 35 of the 40 companies showed an increase, whereas in 1936 only 23 showed an increase.

Type of Option

In 1934 the average of the 40 companies so far as reserves on supplemental contracts to ledger assets are concerned was 3 percent. It was 4 percent in 1935 and 4 percent in 1936.

In the State Mutual, the distribution by type of option of supplemental contract was:

- Term certain, 9 percent.
- Term certain followed by life annuity, 12 percent.
- Cash refund annuity, 1 percent.
- Life annuity, 1 percent.
- Interest option, 67 percent.
- Stipulated payments until proceeds are exhausted, 10 percent.

New issues of 1936 that were endorsed for special settlements amounted to \$10,000,000.

Assumptions Not Conservative

The increase is due to the fact, he asserted, that the life companies are guaranteeing at least 3 percent interest. The mortality assumption in the annuity options is not conservative.

He referred to the fact that the Association of Life Insurance Counsel some time ago agreed to attempt to have special settlements restricted. As years have passed, however, it has been difficult to adhere to those limitations. Now there is a new movement to get more conservative practice. The problem is twofold, he said. First, large sums are involved where the companies are not conservative on rates, and secondly, there is the matter of expense of complicated settlements and the danger of litigation where as many as 30 or 40 beneficiaries are named.

Mid-West Life Record

Clyde James, Mid-West Life, reported an analysis of the business of his company. Until 1930 there were very few supplemental agreements. In 1931 the number jumped fivefold and in 1932 the previous year's record was doubled. In 1936, a supplemental contract was issued

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Say Association Group Cases Border on Assessment Idea

The paper presented at the 1936 autumn meeting of the American Institute of Actuaries on "The Underwriting of Group Insurance" by E. O. Dunlap, assistant actuary Metropolitan Life, evoked much discussion at the annual spring meeting in Chicago last week.

H. W. Allstrom, Minnesota Mutual, declared that the maximum amount of coverage on individuals under the group contract must be in keeping with the average amount. The excess amount that can be purchased will produce higher mortality, he declared.

The initial writing of the case is not the principal part of the transaction, he said. Contact must be maintained with the risk and new employees brought in. He commended the requirement that new employees must participate. This keeps the group in good shape, he observed.

Association Cases

He referred to so-called association cases—group coverage for organizations of government or municipal employees or trade unionists. Despite restrictions that may be set up such as an increasing scale of premium according to age or reduction in amount or insurance, association cases possess many of the evils of assessmentism, he said. Anti-selection is likely to develop and collections become difficult. On many association groups the claims have absorbed nearly all the premiums.

C. A. McConaghy, Shenandoah Life, described what he regards as the most satisfactory method of handling association cases, although he made it clear that he is not enthusiastic about such business. That plan is to have the members pay a uniform, monthly contribution to the association. Then the association arranges to buy insurance on the basis of the complexion of the group. Dealings of the insurance company should only be with officers of the association. At least 75 percent of the members should buy insurance. A short, non-medical application form is desirable. The Shenandoah Life in some cases has declined as much as 15 percent of the applications. Of course this is not true group insurance, but it does include a semblance of the group idea. If the normal number of new employees do not join, the rate will go up each year. The mortality is very likely to be low the first year or two and then to increase sharply the third year. Accordingly, rate adjustments are very likely to be needed in the early years. Good judgment plus actual experience plus individual attention is required.

Problem of Collection

Important difficulties are encountered if, instead of the plan outlined, the rate is increased for the individual as his age advances. That necessitates getting authority from the employee in advance to make deductions in accordance with the higher rate basis. There is the ever present problem of collecting increased rates as the age changes. Reducing the amount of insurance as the age advances is also unsatisfactory. The plan then loses its sales appeal and the book-keeping is complicated.

H. M. Sarason, General American Life, suggested the necessity of taking into account the possibility of catastrophe losses under group contracts. He cited the theory of some medical experts that epidemics of a new type may be expected due to the sheltered life that thousands of people are living to-

day. The danger of congestion of hazard must be considered. He referred to the fact that one concern recently purchased \$3,100,000 protection through Lloyds on the lives of its employees while on a convention.

If accident and dismemberment benefits are included in the group contract, the chance of loss in a catastrophe is multiplied.

Competition With Ordinary

W. A. Milliman, Equitable Life of New York, expressed the opinion that group does not compete with ordinary to any great extent. It may be to some extent competitive with industrial, however. About 40 percent of those covered under group contracts, who die, have no other insurance and about 75 percent have less than \$1,000 additional.

Group insurance, he declared, is still in its infancy. It may be the fact that a man has group insurance will deter him from buying some permanent form of insurance. That is, he may regard his group cover as permanent protection.

Although the employee is privileged to convert his group coverage to permanent protection at the attained age when he terminates his employment, frequently he cannot exercise this privilege because of his financial condition at the time and the size of the attained age premium. The hardship on the employee is particularly emphasized under an employer-pay-all proposition.

The situation of retired employees, he declared, constitutes an unpleasant problem. Due to the fundamental nature of group insurance, being annual renewable term, it cannot be "stretched" too far, so as to take care of retiring employees, lest the cost reach the level of whole life insurance.

The speaker advised that the employer be carefully informed as to the

Heads Institute



V. R. SMITH

V. R. Smith, general manager and actuary of the Confederation Life of Canada, was elected president of the American Institute of Actuaries at the annual meeting in Chicago. He is also president of the Canadian Life Insurance Officers Association.

Analyze Expense

Study Cost of Handling Mortgage Loans on Monthly Basis

In the informal discussion at the meeting of the American Institute of Actuaries in Chicago, President T. A. Phillips of Minnesota Mutual related an analysis of the investment expenses of his company. In 1936 it was ascertained that the expense of handling securities was one-eighth of 1 percent of the principal involved, whereas the expense of handling mortgage loans was five-eighths of 1 percent. To direct expenses were added pro-rata of all other expenses, in getting at the figures. The total investment expense, exclusive of policy loans, was three-tenths of 1 percent of principal involved. There was no attempt to make a division as between initial and subsequent expense.

An attempt was made to discover what the additional expense would be if mortgages were handled on the monthly payment basis. The estimate is that it would increase the expenses by 60 to 65 percent.

Equalizing the Difference

To equalize the differences in cost, the ordinary mortgage loan should yield $\frac{1}{2}$ percent more than a bond and monthly mortgage loans should yield 1 percent more, he said.

Profits on sales of securities and on called bonds are used to write down the purchase price of new bonds, thus distributing the profit over the period of the new bond.

W. A. Jenkins, Teachers Insurance & Annuity, presented a paper that had been prepared by A. J. McAndless, Lincoln National Life, concerning FHA loans. In trying to decide what the net yield on FHA loans will be, it is necessary, he said, to take into consideration the probability of foreclosure, the cost of foreclosure, size of loan, cost of considering and closing the loan and cost of collecting monthly payments.

The most important feature, he said, is the cost of foreclosure. This estimated cost ranges from a minimum of \$130 in Texas to \$650 in Illinois. The average is between \$200 and \$300, he said. One conclusion that he reached is that small loans in states of high foreclosure cost won't pay where there is much of a possibility of foreclosure.

Analyzes Hypothetical Office

Taking a sample office, handling 100 loans each year for \$5,000 each for 20 years, Mr. McAndless considered that 30 will be foreclosed, that the foreclosures will reach their peak eight years hence. The net yield on such loans would be 4.2 percent with a \$250 foreclosure cost and would be 4.03 percent with a \$650 foreclosure cost.

A. C. Guy, Mutual Life of Canada, told about the situation in Canada. The farm loan market there is very slow. In making new loans, he said, the productive capacity of the farm and the management of the farm ought to be given greater consideration. The experience has shown that the sale value is not necessarily the real loan value. New farm loans in the future will be smaller in amount, he said.

The competition for new mortgage loans in cities, he declared, is breaking down the good resolutions made by

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Day of Isolation in Business Gone

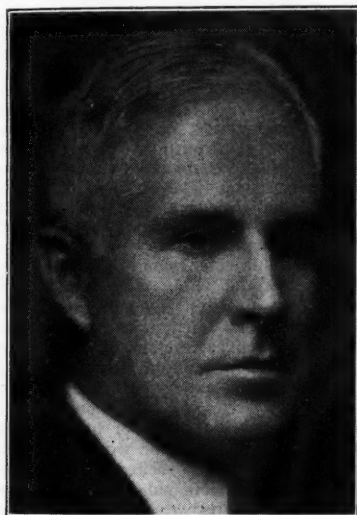
President Perry of Massachusetts
Mutual Notes Improvement
at Agents' Rally

TELLS OF 40 YEARS AGO

Coordination and Cooperation Theme at
Agents Association Convention
Held in Chicago

A vivid picture of the great progress the life insurance institution has made during the last 40 years away from secretive, uncoordinated activities to the present cohesive, "open-book" policy, was drawn by President B. J. Perry of the Massachusetts Mutual Life at the 45th annual agents association convention in Chicago this week.

In those early days, he said, speaking on the subject, "Coordinated Activities,"



B. J. PERRY

as a rule coordination received but scant consideration. Instead there was an amazing amount of isolation, with all individuals and departments in life companies thoroughly fenced in. There was a deep-seated caste system; life company officials were considered to be on a much higher plane than the rank and file, and they demanded such recognition. Bumptious young men with ideas quickly were shown their proper place. Home office methods were as they always had been. The past was the test, and not any possible needs of the future.

Speaks from Experience

Mr. Perry spoke with feeling, from actual experience, for he started with the Massachusetts Mutual actuarial department 40 years ago—June 17, 1897. He had many painful experiences with the old system, which he said, was found in practically all companies and not the Massachusetts Mutual alone. Policy premium accounting was done in huge ledgers which had to be rewritten each five years, the work requiring a full year. The card file system was just coming into use in this country. Mr. Perry in secret at home devised a premium card file system, which for a long time he dared not propose to the officials. He wanted to go to New York to study methods of other companies, but was afraid to suggest it for fear of losing his job. There was no inter-

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Industrial Life Agents and Labor Union Move

At the A. F. of L. national convention in Cincinnati President William Green announced that he was authorized by the union's executive council to issue local charters to industrial agents' groups in New York, Chicago, Cleveland, Toledo and other cities. The first charter ever granted by the union to an insurance group was issued several weeks ago in Cincinnati. In Cincinnati there have been no further developments since the refusal of one of the industrial companies to accede to the union's demands. The union claimed a membership of several hundred in Cincinnati and a majority of the agents of one of the companies.

Whether life agents—and particularly industrial agents—can really form a permanent labor union that will be a factor in the business is a question that is interesting to industrial managers. The labor unions, which formerly were confined largely to manual labor, are reaching out in every direction, in the clerical field, among newspaper reporters, etc. There are no doubt organizations among teachers which are practically union. In the field of salesmanship there appears to be very little agitation and it would seem that what comes in this field would be among the salaried men. But a salesman's salary depends so much on his production that perhaps there is not a great deal of difference between salaried and commissioned salesmen. Just why the union idea does not seem to take hold in the salesmanship field would make a rather interesting speculation. Labor unions

have been strongest in fields where the work could be analyzed and put on a more or less mechanical basis; and it has always been considered that the more mechanical a salesman is in his operations the less personality he shows and therefore the less he sells.

At first glance, it would seem, that the labor union is directly antagonistic to all the qualities that go to make up a real salesman. Labor unions, for instance, are opposed to speeding up the worker, to his doing more than a certain amount of work in a given time; and yet this ability to speed up and the willingness to put intensity into his work is of the very essence of successful salesmanship. If one were to draw the line between shall we say the counter salesman in a retail store and the salesman who goes out on the street looking for business we should at once say that this line comes between initiative, energy and enthusiasm on the one side and a certain static quality of merely politely "showing the goods" on the other.

The same might be said of reporters on daily papers. A good reporter is the one who shows the same qualities in getting news that the good salesman shows in getting business; and yet labor unions have been organized among reporters in certain cities and these have been affiliated with the American Federation of Labor. However, a recent issue of the "Editor & Publisher" gives the impression that the labor union among reporters cannot survive permanently and is bound to die down.

In the insurance field, and especially industrial, devotion, loyalty, energy and

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Advances Plan for Security Reserves

Variant of Full Reserve and Current Cost Systems Is
Offered

R. A. HOHAUS IS SPEAKER

Broadening Scope Would Eliminate
Main Objections of Both
Groups, He Believes

NEW YORK, June 3.—Agreement on the proper method of financing for the federal old age benefit plan may most readily be reached by extending the system along several lines to render unnecessary some of the federally aided state old age assistance that under the present set-up would have to be forthcoming, according to R. A. Hohaus, assistant actuary Metropolitan Life, who presented a paper at the recent meeting of the Actuarial Society of America. "Recognizing the possible danger, from a practical fiscal standpoint, of leaving large burdens to be borne by future generations under a current cost method of financing, but being dissatisfied with the implications of a reserve method, some students visualize certain inevitable changes in the plan as a way out of the dilemma," he stated.

Would Include Many Not Covered

Extension of the present federal old age benefit system might, Mr. Hohaus said, consist of an enlargement of the scope of the system to include many of those not now covered, such as domestic servants and agricultural workers; inclusion of a survivorship benefit for the wife of a pensioner if she survives her husband and has attained age 65; commencement of benefit at an earlier date, say 1939 instead of 1942; adoption of a new benefit formula which will increase of benefit payable in the first years of the plan, with smaller increments over the years.

"Introduction of these changes would bring into the old age benefit system a large number of people who would otherwise, to a greater or lesser degree, have to fall back on old age assistance," Mr. Hohaus pointed out. "Also, it would result in more adequate protection for some of those already in the system who, too, might otherwise need some old age assistance. More specifically, the first extension would introduce new classes into the system, many of which would otherwise no doubt be indigent in old age and become charges of their respective states.

Wider Distribution of Benefits

"The second extension would effect a wider distribution of the benefits of the system, thereby greatly minimizing the extent to which the wives of the pensioners would have to revert to old age assistance if their husbands died first. The third extension would reduce considerably the large number of those now in the federal plan who would be ineligible for income benefit by reason of having passed their sixty-first birthday by Jan. 1, 1937.

"It would therefore result in the old age benefit system assuming considerable share of the burden which, under the present arrangement, old age assistance would have to bear in the next few years.

"A fourth extension would increase income benefit for those under the system and who reach retirement age shortly after such benefits first become payable. Under the present arrangement

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Kinker Pride

Old-timers will remember the circus "kinkers," men who shot into the air from a springboard, somersaulted, flew over an elephant, a camel, a horse, and one or two other animals, in a row, and landed agilely on a mattress. That was the beginning. Then, an artist picturing the feat, added a second elephant. The "kinkers," seeing the posters, and driven by professional pride, accepted the challenge, and they won. Then another artist added a second camel. And again the challenged "kinkers" triumphed.

The life underwriter, admiring the attainments of his associates, may set out to exceed them. Or having himself worthily wrought, may visualize a goal beyond, and gird himself to reach it. Or his General Agent, accurately appraising his power, may set the larger quota.

The expanded quota, whether set by General Agent or the underwriter himself, like the expanded "kinkers" act develops power and skill, and, firing the spirit, carries the aspirant to farther heights of achievement, with their accordant compensation.

THE PENN MUTUAL LIFE INSURANCE CO.

WM. H. KINGSLEY, President

Independence Square

PHILADELPHIA

H. & A. Conference Studies Ways of Selecting Agents

LAUNCH RESEARCH PROGRAM

Impairment Bureau Discussed—Carroll
President, Faulkner Executive Committee Chairman

NEW OFFICERS ELECTED

President—S. C. Carroll, Mutual Benefit Health & Accident.
Chairman Executive Committee—A. E. Faulkner, Woodmen Accident.
First Vice-president—J. M. Powell, Loyal Protective.
Second Vice-president—L. D. Cavanaugh, Federal Life.
Secretary—E. A. McCord, Illinois Mutual Casualty.

By FRANK A. POST

A definite program of research, looking toward an improvement in the methods of selecting agents, was undertaken by the Health & Accident Underwriters Conference through the adoption at its annual meeting at White Sulphur Springs of a recommendation to that effect made by Clyde W. Young, president Monarch Life, as chairman of a special committee which has been studying the subject since last October. After outlining some of the objectives sought in this connection, the report urged that the president be authorized to appoint a research committee, "not simply to study or consider this matter, but empowered to carry the idea to a completion."

In his report, Mr. Young said that hiring, starting and training men who fail to become good agents and who soon leave the business is costing the companies many thousands of dollars each year. These failures are due partly at least to the type of men hired—men not suited to the job of selling accident and health insurance.

Carroll Election Acclaimed

The election of S. C. Carroll, Mutual Benefit Health & Accident, to the presidency was of course a foregone conclusion, and was greeted with sincere applause. He spoke very briefly, outlining the great possibilities before the conference and pledging himself to do his utmost to help fulfill them. He has served as chairman of the executive committee the past year and has long been active in conference affairs.

The choice of A. E. Faulkner of Lincoln, Neb., president of the Woodmen Accident and affiliated Woodmen Central Life, as chairman of the executive committee brings into line for the presidency next year a man who, while comparatively new in conference activities, has shown himself an able and energetic worker. He has served for the past year as second vice-president and also as chairman of the program committee. In addition to handling the general details in connection with the preparation of the program, he took personal charge of the agency management session, which was generally acclaimed as the most successful held since the plan of holding a separate session devoted to that subject was inaugurated.

Session on Taxation

At the legal session, there was an exhaustive discussion of taxation of accident and health insurance. H. N. Lukins, general counsel Washington National, presided in the absence on account of illness of Chairman Thomas Watters, Jr. There was a general review of federal, state and local taxation, prepared by R. H. Matthias of Ekern & Meyers, Chicago, with the assistance of H. H. Naujoks of the same firm, delivered by Mr. Naujoks. Mr. Lukins spoke of the differentiation in the federal law as the basis of taxation of life

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New Industrial Policy Is Now Greatly Liberalized

The new broadened industrial life policy, made possible through the reduction in mortality and expense costs, was explained in a paper by F. D. Kineke, assistant actuary of the Prudential, read by James F. Little, vice-president and actuary of the Prudential, before the American Institute of Actuaries in Chicago.

Mortality on industrial business has improved decidedly during the past 30 years, although it still remains higher than the ordinary rate, due largely to the elimination of medical examinations and acceptance of occupational hazards at standard rates. The new policy eliminates restrictions and increases benefits without increasing the premium.

The sound health provision which has been subject to a good deal of criticism has been eliminated through adoption of a new photographic process which makes it possible to attach a copy of the application to the policy, said Mr. Kineke. Although the sound health clause in industrial policies is similar to that used in ordinary policies, it presents the only defense against payment of insurance obtained by misrepresentation, while improper ordinary claims are contested on misstatements in the application. The inclusion of the application in the industrial policy also eliminates the necessity for mentioning existing insurance in the policy.

Provide Nomination of Beneficiary in New Form

It has been found practical to provide for the nomination of a beneficiary in the new form. Although some companies have previously made such a provision, the general practice was to make payment under a facility of payment clause, providing that the company could make payments to any relative appearing to be equitably entitled to the proceeds by reason of having incurred expense on behalf of the assured for maintenance or burial. A study of 5,000 death claims showed that payment under the facility of payment clause were made as follows: Husband or wife, 37 percent; son or daughter, 31; father or mother, 15; brother or sister, 8; other relatives, 5; non-relatives, 4 percent. In this group there was no case of a rival claimant for the proceeds.

Not Expected to Be Widely Used by Applicants

It is not anticipated that a large proportion of applicants will nominate a beneficiary in view of the satisfactory record under the facility of payment clause, said Mr. Kineke. However, it does seem desirable to provide for a few cases where the assured definitely desires to name a beneficiary and the change in the policy is more in line with the ordinary form.

Non-forfeiture values have been placed on the same basis as ordinary. The formula for surrender charges is now the same. Although the valuation of rate of interest is the same, reserves are generally higher than for ordinary policies. Cash values are postponed to after five years duration, extended insurance being available earlier. This provision is reasonable, said Mr. Kineke, as the early reserves on individual industrial policies are small.

Special Extended Insurance Provided After Three Weeks

Special extended insurance has been provided, beginning at the end of the four weeks' grace period, at the rate of one week's extension for each three weeks premium rate on life policies and one week for each two weeks premium on endowment policies. After premiums have been paid for three years, regular extended insurance is provided. After

five years all three options, cash values, paid up insurance and extended insurance, are available.

Another provision which puts the industrial form in line with the ordinary contract is that the assured at any time can elect to pay premiums on an annual basis equal to 47 weekly premiums. This reduction of almost 10 percent puts the policyholder in a position where the expense charge made against his industrial policy is almost the same as that of an ordinary policy. Because of the small average size of the industrial policy, this change seems liberal but the absence of optional methods of taking annual dividends and other expense reducing features of the industrial setup, offset the size disadvantage from a cost of handling standpoint. The mortality charge against the annual premium of an industrial policy remains the same, but in the event of death adjustment is made for weekly premiums paid in advance.

Dividends Are Applied by Company to Increase Reserve

The new dividend clause provides that dividends may be applied by the company to increase the reserve and extend the period during which the commencing premium is payable without increase, but to the extent that any dividend is not so applied is to be in the form of a temporary or permanent paid up addition, or both.

The standard industrial mortality table is based on the experience of the Metropolitan Life from 1896 to 1905. The improvement in mortality and the reduction in expenses have not only made it possible to liberalize the policy and strengthen the reserves but substantial dividends are now provided. Where the dividends are automatically applied to paid-up additions, in some cases they have totaled over 50 percent of the sum insured. Under these conditions it appears desirable to increase the face amount of insurance in these policies, but in view of the present tendency toward low interest rates, it does not

(CONTINUED ON PAGE 21)

General Chairman for Pittsburgh Convention



J. N. JAMISON

J. N. Jamison, vice-president of the Reliance Life of Pittsburgh, was prominent this week in celebration of Pennsylvania Insurance Days given under the auspices of the Pennsylvania Insurance Federation. He was general convention chairman.

Upward Persistency Trend in the Business Is Noted

MENTION IMPROVED METHODS

Pacific States Actuarial Club Holds
Annual Meeting in Yosemite
Park, California

That a decided upward trend is being shown in persistency of business was brought out at the semi-annual meeting of the Pacific States Actuarial Club held in Yosemite National Park. The depression years taught numerous lessons which are now bearing fruit, it is generally conceded and while this gain in persistency may be traced in some measure to improved business conditions, it may also be due to improved methods and study given the question.

Encouraging agents to underwrite their own business and educating them in value of writing a class that will stay on the books has played a part in the increased persistency, in the opinion of the 25 actuaries and company officials present. A number of companies are making experiments with the persistency rating chart and its value.

Taxation Discussed

Taxation with a discussion of the reserve deduction allowed companies on their life business occupied considerable time, and it is expected a test case will shortly be heard on the right of the government to exclude disability reserves from the reserves for which the company receives credit in calculation for income tax purposes. In a discussion of the attitude on juvenile policies, it appeared in view of improvement in infant mortality this should be a profitable line, statistics being produced to prove its value.

Other subjects taken up at the sessions included long endorsements or riders on policies covering installment provisions to beneficiaries; premium waiver benefit where a large amount of income disability is in force; reinstatements—should underwriting be the same as that which applies to new business or is there some basis for being a little more liberal? limits for women—how to arrive at proper schedule; aviation; wineries and wine sales; disability and accident benefits where aviation is involved.

L. J. Cooper, Pacific Mutual Life, president, presided. W. C. Kennedy, chief underwriter California-Western States Life, was chairman of the underwriting session.

"Inspection Service under Changing National Conditions" was the subject of a paper presented by O. V. Elder, resident manager American Service Bureau and Hooper-Holmes Bureau, San Francisco, with remarks by R. P. Beckham, division manager Retail Credit Company, and J. F. Hartnett, president, Hartnett Inspection Service.

W. R. Furey to Succeed Firm for Berkshire in Pittsburgh

W. Rankin Furey has been appointed general agent for the Berkshire Life at Pittsburgh, succeeding the firm of William M. Furey & Son. Upon his graduation from Princeton in 1922 Mr. Furey joined his father's agency and seven years later was taken into partnership. He became a charter member of the C. L. U. in 1922 and in 1929 made the Million Dollar Round Table. He has occupied all positions but that of president in the Pittsburgh Life Underwriters Association, and is now treasurer. During Life Insurance Week he was chairman of the committee in charge of the letter writing contest. He has always been actively engaged in agency organization work, aside from being a large personal producer.

Underinsurance Common

Accurate Picture of Clients' Finances Will Correct the Condition, Mean Larger Production, Assure Complete Service, Agents Are Told

Underinsurance is much more common than overinsurance, Michael Marchese, assistant secretary Massachusetts Mutual, told agents of that company at their annual convention in Chicago. Mr. Marchese said he based his statement on a careful survey of thousands of insurance case records. If more agents would get an accurate picture of the financial condition, income, and family budget of each prospect, Mr. Marchese believes, they could correct the underinsurance condition, and increase production by getting larger contracts.

He acknowledged a tendency for agents to neglect such an investigation for fear of offending the client, but pointed out that it is very important if the agent is to render complete service. He believes that prospects can be educated to give the facts in order to get real help from the agent. Mr. Marchese spoke at the home office clinic, a full session at which the agents were given the home office angle on many phases of the business. Questions submitted by agents were answered after each speaker completed his address.

No Definite Rule Applicable

There is no general rule by which the percentage of a man's income that should go for insurance can be determined, according to Mr. Marchese. For example, he pointed out that two men may each make \$5,000 a year. If one has three children and the other only one, obviously the first cannot afford to put as much into insurance policies as the second. The unfortunate aspect of the example, he said, is that the man who can afford less insurance needs it more.

In response to a question from the floor, Mr. Marchese explained that it sometimes is impossible for the company to give a better explanation on refused risks than "declined on confidential information." He told the agents that some investigations disclosed facts about prospects that the company cannot pass on in writing, and explained that no business is turned down without careful consideration.

Louis Levinson, assistant actuary, in his address, called rabid exponents of renewable term coverage "termites." Even when such insurance creates a sinking fund, he pointed out, the types of benefits provided by non-forfeiture provisions and settlement options make permanent insurance far superior. He urged agents to stress the advantages of permanent policies, because in doing so they are rendering better service to their clients.

Settlement Simplicity Urged

Settlement agreements were the subject of J. L. Marchese, manager benefit department. He advocated simple settlement plans, saying that one that provides an adequate cleanup fund and a regular income thereafter is usually better than an elaborate plan designed to meet relatively unimportant needs. As a horrible example of the length to which some settlement options are carried, he cited the plan which provided that proceeds be paid to a man's widow for life, then after her death to finance the support of two dogs, and after the death of the dogs for the maintenance of some cousins of the policyholder.

On small policies, Mr. Marchese ad-

vocated that the "salary continuance" plan be followed. This provides monthly income somewhat approaching the salary taken away by death. Even though such a plan exhausts the policy more quickly than would small monthly payments over a long period, Mr. Marchese said it is better because it provides adequate funds to permit the family to adjust itself.

Mr. Marchese said that policies written under settlement options lapse less than others. He said this is shown by a check of his company's business, and called it an incentive to agents to use the settlement options plan when they solicit.

Tax Problems

The application of insurance to tax problems was discussed by R. A. Armstrong, company attorney. It is very helpful in avoiding estate taxes, he pointed out, if used correctly. In this connection, he said, insurance is like a high explosive. If used carefully and correctly, it is beneficial, but is dangerous when improperly handled. Insurance should be used strictly to help in avoiding taxes, never in evasion.

Mr. Armstrong gave his views on policies carried to provide funds for payment of estate taxes. The best plan, he said, is to have the proceeds payable to a trust, trustees to have the discretionary power to purchase assets from the estate. Funds transferred to the estate in this manner can then be used for taxes. This is the most certain method, Mr. Armstrong declared, and better than making the wife beneficiary with an oral understanding on the use of the funds. In such a case, he said, the wife may die first, or after getting the proceeds may not follow the instructions, defeating the purpose of the policy.

In a separate meeting, the company supervisors' association discussed recruiting and training. H. G. Behan, Hartford, and C. H. Schaaf, Rochester, gave their views on these subjects from the view-

Palmer Not Able to Preside Over Commissioners

Insurance Director Ernest Palmer of Illinois, who underwent an emergency operation for appendicitis in St. John's Hospital, Springfield, Ill., is now moving along in splendid shape. It was feared that infection had started inasmuch as there was a seepage from the appendix discovered at the time of the operation. However, this was soon held in check. It is certain now that Mr. Palmer, who is president of the National Association of Insurance Commissioners, will not be able to be in Philadelphia at the time of the meeting the week of June 21. George A. Bowles of Virginia is vice-president and because of Mr. Palmer's absence will preside.

Mr. Palmer will be in the hospital for three more weeks and as soon as he is able will go somewhere to recuperate.

point of men who spend all their time in the work. C. C. Covalt, Mattoon, and R. D. Gibson, Grand Rapids, handled the topics from the angle of those who devote only part of their work to securing and schooling new men. The supervisors selected as officers for the coming year: H. G. Behan, Hartford, president; C. H. Schaaf, Rochester, vice-president; Henry Altick, Detroit, secretary-treasurer.

Guests of St. Louis Agency

President J. C. Peasley, Vice-president M. V. Peasley and Actuary G. C. French of the Bankers Mutual Life of Freeport, Ill., represented the home office at a meeting and luncheon of the St. Louis office of the company. A. J. Westermeyer is district manager at St. Louis.

AGENCY OPPORTUNITIES

The AMICABLE Life has a number of agency openings in its territory—the states of Texas and Louisiana. Very liberal contracts.

Age Limits—one day to 68 years

Full Second Year Values—Loan Value end first year

Disability and Double Indemnity

Profit Sharing Benefits

If interested, address the Company direct

A M I C A B L E
LIFE INSURANCE COMPANY
WACO, TEXAS



**A father's hand withdrawn
can still provide money every month**

UNTIL that tiny hand becomes as big as yours, many a bill will find its way into your mail-box. Bills for food, for clothing, for shelter. Month after month they'll come and, if you live, you'll stand ready to meet them.

But how would your family fare without you? Without your regular paychecks and your income? These are the years of "growing up," the years when insurable expenses must be met.

Even if you now have some life insurance, would it give them a monthly income to meet the flow of bills that come when you're gone? The answer is yes, if you have the right kind of life insurance.

YOU CAN LEAVE \$100 EVERY MONTH FOR 20 YEARS
If you're earning \$45 a week or more

A new plan, far better suited to the needs of the average family than older forms of life insurance, makes this possible. Called Multiple Protection, it is sponsored by The Union Central Life, a 70-year-old institution with over a billion dollars of insurance in force, offering approved life plans.

The coupon below will bring you promptly, by mail, a booklet that will tell you full details of the Multiple Protection plan. Write for it today. There is no obligation.

THE UNION CENTRAL LIFE INSURANCE COMPANY
Cincinnati, Ohio

Please mail the booklet that explains clearly how I can give my family the best protection of life insurance.

HANDS Union Central's March advertisement, built around an appealing photograph of hands, inspired so much favorable comment that the situation has been repeated in the advertisement for May, which is shown above.

This advertisement is a forceful reminder to fathers of the utter dependence of youngsters "until that tiny hand becomes as big as yours." It emphasizes the family's greatest need—*money every month*. And then it explains how any father who earns \$45 a week or more can now make certain that his family would have \$100 a month for twenty years after his death. And that there would be, after that time, a generous fund to provide for his wife the rest of her life.

Union Central Life writes all approved life plans. Yet, during the past twelve months, more than one-third of the Company's business has been on this new insurance plan, called Multiple Protection.

The UNION CENTRAL LIFE Insurance Company

CINCINNATI, OHIO

Union Central life insurance sales increased 17.19% during the first four months of 1937.

O'Malley Loses Fight to Have State Try Litigation

U. S. COURT HAS JURISDICTION

Missouri Superintendent Must Attempt to Collect \$16,000,000 from Fraternalists via Federal Tribunal

ST. LOUIS, June 3.—The U. S. circuit court of appeals has affirmed the action of Federal Judge Reeves of Kansas City in denying the request of Superintendent O'Malley to return to the state courts for decision his suit against the Homesteaders Life Association of Des Moines, to collect \$48,983 alleged to be due from the fraternal under the state's 2 percent tax on the gross premium collections in Missouri of life companies.

The ruling of the circuit court means similar suits against 14 other fraternalists and said to involve a total of \$16,000,000 in such taxes must be tried in the federal courts and not in the circuit court for Jackson county where they were originally filed on behalf of Superintendent O'Malley.

It is his contention that the fraternalists actually are operating as old line legal reserve life companies and therefore are liable for the state tax. That issue will be tried on its merits in the federal courts, since the only question before the court of appeals was whether the federal or state courts should have jurisdiction.

The court of appeals held that there was a diversity of citizenship as claimed by the fraternal organization, and swept aside the claim of Superintendent O'Malley that the state was a party to the suit. On that point the court stated that the Missouri statutes designate the attorney-general as the only person authorized to file suits in behalf of the state, and that under Section 5987, Revised Statutes under which the suit was brought Mr. O'Malley should have filed the suit in his own name.

About a year ago when Judge Reeves refused to return the litigation to the state court, Superintendent O'Malley challenged jurisdiction of the federal court and refused to proceed with the trial. The federal court then dismissed the suit for want of prosecution. Counsel for O'Malley appealed.

Rehabilitation Plan Approved

COLUMBUS, O., June 3.—Judge Leach in common pleas court has ap-

proved the Ohio department's plan for rehabilitation of the Federal Union Life of Cincinnati. It is based on the procedure provided in the law recently passed by the Ohio legislature.

H. & A. Conference Studies Ways of Selecting Agents

(CONTINUED FROM PAGE 4)

companies and casualty companies and pointed out that companies writing both life and accident-health, more than 50 percent of whose reserves are on life business, can qualify as life companies for the purpose of taxation. J. M. Powell, Loyal Protective, discussed state premium taxes and C. O. Pauley, Great Northern Life, spoke on state license fees. The paper on municipal and other local taxation, prepared by V. J. Skutt, Mutual Benefit Health & Accident, was read by E. A. McCord, Illinois Mutual Casualty, conference secretary. W. O. Badger, New York City insurance attorney, spoke of the necessity for co-operative action by all companies writing accident business when cases involving important issues come before the higher courts.

There was considerable discussion of a proposal to have the conference organize its own impairment bureau. The idea was given the approval of the executive committee, but the conference itself limited its action on the matter to authorizing the appointment by the president of a committee to study the question of impairments and report later.

Rains Wallace Heads D. of C. Office of Union Central

Union Central Life has appointed Rains Wallace, Chicago, as manager of the Washington, D. C., agency. He has been with Union Central in Chicago since 1918. In that time he has personally paid for over \$7,500,000.

Mr. Wallace is a native of Tennessee and attended school in Washington. Before the war he had sales experience in New York, newspaper experience in Washington, and then was a securities salesman in West Virginia and Virginia.

One month after the armistice was signed, Mr. Wallace joined Union Central in Chicago. His average annual production has been 47 cases for \$412,640. That represents a policy average of about \$8,800. In only four years has he produced less than \$250,000.

A son, Rains, Jr., is an assistant instructor in the department of psychology at Ohio State University.

THE WEEK IN INSURANCE

Papers by Commissioner Mortensen of Wisconsin and Commissioner Blackall of Connecticut mark business program of the National Association of Insurance Commissioners in Philadelphia. **Page 1**

Illinois code bill now awaits governor's signature, having passed house and senate unanimously. **Page 1**

V. R. Smith is elected president of American Institute of Actuaries at annual meeting in Chicago. **Page 1**

Much interest to life insurance in President's special message to Congress on tax evasion schemes. **Page 1**

How to overcome underinsurance told at Massachusetts Mutual meeting. **Page 5**

Massachusetts Mutual Life Agents Association in Chicago addressed by President B. J. Perry. **Page 3**

Joint committee of Life Counsel and A. L. C. Legal Section to study effect of community property laws may result from White Sulphur Springs meeting. **Page 7**

Canada Life increases dividend scale effective July 1. **Page 22**

Research program as to best methods of selecting agents undertaken by Health & Accident Underwriters Conference. **Page 4**

Fine record during Life Insurance Week reported at National Negro Association meeting. **Page 7**

Features of new industrial life policy are explained by F. D. Klineke, assistant actuary of the Prudential, at American Institute of Actuaries' meeting. **Page 4**

E. Paul Hutterling, from the head office of the Penn Mutual Life, gave the Frank H. Davis memorial dedication address in Malvern cemetery, Malvern, Ia. **Page 15**

Observations are made as to industrial life agents and the trade union movement. **Page 3**

Superintendent O'Malley of Missouri must carry on suit against fraternalists in federal court instead of state court. **Page 6**

San Francisco Life Underwriters Association nominates N. J. Nelson for president; slate to be approved June 10. **Page 18**

Ohio Association of Life Underwriters has annual meeting. **Page 18**

Joint Counsel Committee May Consider New Forms

PROBLEM DEEMED IMPORTANT

Association of Life Counsel and A. L. C.
Legal Section Expected to
Make Joint Study

Out of the White Sulphur Springs, W. Va., meeting of the Association of Life Insurance Counsel very probably will come appointment of a committee to join with a similar committee of the Legal Section of the American Life Convention, jointly to consider drafting forms to recommend for use by companies in dealing with requests for change of beneficiary, assignments, etc., in states having community property laws.

This suggestion resulted from discussion of community property laws as affecting life insurance, led by Berkeley Cox, associate counsel Aetna Life. Sam T. Swansen, general counsel Northwestern Mutual, led discussion of a supplementary subject.

Louis Cooke Presides

Louis H. Cooke, general counsel New York Life, the president, presided in the general sessions, assisted by Harry Cole Bates, Metropolitan, the Life Counsel secretary.

There were a number of interesting discussions. One feature, however, discussion of the proposed Illinois insurance code by Raymond Olson, counsel Mutual Trust Life, was omitted as he was unable to attend. M. W. Mangus, general counsel State Life, read a paper on "Comments on 'Reserve' for Non-Forfeiture Purposes." There was discussion of some phases of the Frazier-Lemke act not clearly covered by court decisions to date. The social security act did not come up for discussion, nor did the counsel consider the court packing situation affecting the U. S. Supreme Court.

About 75 life counsel attended, some having gone there earlier to attend the meeting of the Health & Accident Underwriters Conference.

Pennsylvania Insurance Laws

W. F. Haldeman, associate counsel Penn Mutual Life at its head office, presented a paper prepared jointly by him and his associate, W. H. Satterthwaite, covering the life insurance laws of Pennsylvania.

The paper stressed the fact that the Pennsylvania courts have distinguished between cases of accidental death which have resulted from deliberate and intentional acts of the insured and those in which the means which caused the death were clearly accidental, allowing recovery of the double indemnity benefits in the latter type of case and denying it in the former.

Discusses Declaratory Judgment

E. R. Morrison of the insurance law firm of Morrison, Nugent, Wylder & Berger, Kansas City, discussed "Availability of the Federal Declaratory Judgment Act for Life Insurance Cases." As there are many questions that have not been definitely settled in connection with the act, and due to the fact that declaratory procedure in this country is new, few federal judges having had much experience with its administration in active practice, it behooves lawyers to brief their cases most carefully. Otherwise, judges are apt to have apprehension about practicability of the act.

Walter Schmitt, general counsel Ohio National Life, wrote a paper on "Practical Phases of the Frazier-Lemke Law." While the mortgagee may, and doubtless will suffer, during the stay of sale in a foreclosure case, he does have the consolation of knowing that his right to a public sale and to bid at such a sale has been preserved, and the Supreme Court has interpreted the law so that it must be administered in a spirit of

Heavy Production Reached in Negro Insurance Week

REPORT MADE AT CONVENTION

Association Member Companies Show
Large Increases in Business Dur-
in Early Part of Year

Sessions of the National Negro Insurance Association convention in Augusta, Ga., closed with a report on the results of National Negro Insurance Week. This was held in conjunction with National Life Insurance Week observance, with member companies setting their goal at \$10,000,000 in new business for the week. Actual writings for the companies reached \$12,000,000 mark. Individual production records were \$75 in premium for industrial, and \$75,000 written in ordinary.

Special newspaper, direct mail, and radio publicity work was done by the association, supplementing the general national educational program. Particular interest was shown in the work of the high individual industrial producer, J. R. Beavers, agent for the North Carolina Mutual at Atlanta. He organized his 750 policyholders, impressing them with the importance of his winning the contest. This drive resulted in several hundred policies, with premiums collected being \$75.

Year's Outlook Good

The meeting was better attended than any previous one, all of the member companies being represented, and nine applications for new membership being received. In 1936, association members wrote more business than ever before, and report that the meeting indicated that 1937 will be an even better year.

Officers chosen for the coming year are: President, G. D. Rodgers, Central Life at Tampa; vice-presidents, L. C. Blount, Great Lakes Mutual, Detroit; G. W. Hill, Winston Mutual, Winston Salem; H. L. Street, Mammoth Life & Accident, Louisville, and R. L. Brown, Afro-American Life, Jacksonville; secretary, C. L. Townes, Virginia Mutual Benefit, Richmond; assistant secretary, A. M. Carter, Pilgrim Health and Life, Augusta; treasurer, C. H. Searing, Washington Managers' Association, Washington, D. C.; chaplain, J. H. Lewis, Afro-American; statistician, Cyrus Campfield, Atlanta Life, Atlanta; general counsel, H. H. Pace, Supreme Liberty, Chicago; actuary, Miss Esther Tibbs, Afro-American; historian, M. S. Stuart. Executive committee: W. E. Stewart, chairman, Supreme Liberty, Chicago; Walter Scott, Guaranty Life, Savannah; W. S. Hornsby, Pilgrim Health and Life, Augusta; A. R. Alexander; P. P. Creuzot, Louisiana Industrial Life, New Orleans.

justice to the mortgagee it was pointed out.

However they will suffer because their property is inadequately appraised, rented at too low a price, and depreciates greatly through careless handling, but the law is of much help to an honest farmer who has a sincere desire and will to rehabilitate himself and pay off the mortgage in full. If the courts will interpret the law in this spirit, undeserving farmers will be frustrated in attempt to take advantage of the mortgagee, while business-like farmers will be given assistance during an emergency.

M. R. Nyman Resigns

M. R. Nyman, manager Occidental Life in San Francisco since 1935, has resigned. He went to San Francisco in 1933 as general agent of the Northwestern National Life. Before going west he was vice-president and general manager of the White & Odell agency of the Northwestern National in Minneapolis.

The ancient Romans believed that the welfare of the family depended on their household gods—Lares and Penates.

The Metropolitan advertisement in the June magazines* contrasts the certainty of modern Life insurance with the doubtful favors of these ancient gods.

Today, farsighted heads of families can make sure of future comfort and security. While the bronze figurines pictured in the advertisement belong only in museums, the modern Lares and Penates—Life insurance policies—belong in every home.

*Business Week, Collier's, Cosmopolitan, Forbes, Nation's Business, Saturday Evening Post, Time.



METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, Chairman of the Board
Leroy A. Lincoln, President

ONE MADISON AVE., NEW YORK, N. Y.

Day of Isolation in Business Gone

(CONTINUED FROM PAGE 3)

change of information nor trustfulness between companies. Finally he explained his method to the home office officials and was told it would not work. His system, now used by the Massachusetts Mutual, has greatly expedited work and made possible vastly more daily output.

Mr. Perry noted much of the home office force was housed in a single room, yet various departments were segregated by invisible fences. The equipment was very primitive compared with today. There was one calculating machine which resembled an old fashioned music box, Mr. Perry said, and worked on the same principle. Practically everything was done slowly and laboriously by hand.

"The breaking away from those old traditions and practices did not come overnight, as you can well imagine," he said. "Instead it has been a slow and gradual development which is still going on. It has been some years now since it came to be realized that no one concern or business can be a law unto itself; that he profits most who cooperates and coordinates most."

Individualism Now Encouraged

"While in the period I have been describing every type of initiative was more or less strangled, and where self-sufficiency was the end to be desired at all costs, we have today methods of training and encouragement which have resulted in a development of men and women and processes that by comparison are almost unbelievable. An illustration is the enthusiasm with which our home office staff, both young and not so young, dive into the different educational and training courses which are

available, both inside the office and out. They call for long years of incessant plugging in law, accounting, mathematics, economics and dozens of other subjects.

Agency Cooperation Ignored

Mr. Perry said he does not recall much about the agency end of the business in those days except that a large agency convention was an undreamed of thing. Although in 1897 the Massachusetts Mutual had 43 general agencies, of which 35 still exist, it was not found necessary nor even sensible to pool the experience and information or develop cooperation or coordination between them.

Up to 1909 and even later the home office did practically nothing to help or instruct either general agents or agents. In a large sense every agency was a separate entity, duplicating mistakes made by others through lack of standardized practices and of such helps as instruction manuals, text books and the like. There were no study courses. He contrasted this situation with the record of the C. L. U. movement of today and educational courses offered by the Life Office Management Association. He also noted his company's agency development program started a year ago, which already has resulted in several outstanding field men being taken into the home office.

Many from Home Office

There was a very large home office delegation attending. This included Vice-presidents Joseph C. Behan, C. O. Fischer, Henry Loeb and A. T. Maclean, Actuary H. H. Peirce, Dr. Morton Snow, medical director; C. W. Hall and Arthur L. Lynn, assistant directors of agencies; W. M. Benton, agency secretary, Seneca M. Gamble, Frank Howland and Lloyd Mallon, agency assistants; J. M. Ross and Laurence Shoughrue, auditors; Ralph Armstrong and Walter Sullivan, attorneys; Robert Barton, assistant secretary; J. M. Blake, manager field service; L. C. Cushman, editor; Edwin Johnson, manager purchasing department; Louis Levinson, assistant actuary; J. L. Marchese, manager benefit department; Michael Marchese, assistant secretary in charge of underwriting; Horace Quimby, manager agency record department, and James Denman and W. M. Hogg.

A feature was the awarding by President Perry to Assistant Secretary Barton of a 50-year gold service medal at the annual banquet and 25-year pins to nine field men and a woman agent. Vice-president Fischer was toastmaster, and A. W. Evans, Rochester, N. Y., gave an inspirational address.

Sessions of Association

A. T. Haley, general agent Greensboro, N. C., retiring president Agents Association, presided at the general meetings. The other old officers were, A. E. Veith, St. Louis, first vice-president; E. A. Coyle, Pittsburgh, second vice-president, and F. A. Lichtenberg, general agent Columbus, secretary-treasurer.

At the first morning session Vice-president Behan paid special recognition to agents with outstanding 1936 records. Mr. Veith spoke on self-management, stating all successful producers have a working plan. He prepares for 10 contacts and two selling interviews daily, using the "D. L. B." daily work cards. A schedule develops momentum if the agent does not become diverted. Once a month he prepares a master prospect list, including age changes, term conversions, etc. He sends special letters in all age change cases, birthday cards and frequently telephones or sends a telegram with a white carnation. He remembers birthdays of prospect's or client's children, sending lollipops to girls and chewing gum to boys. His program contemplates consistently circularizing 100 new names.

A consecutive weekly production quota and minimum monthly budget help to solve the agent's money problems, Edward Felsenthal, Memphis,

Tenn., said in a talk on setting goals and attaining them.

R. J. Katz, Rochester, N. Y., spoke on "Don't Run Out of Raw Material." He said the raw material of life insurance selling is prospects and sales ideas. The prospecting method should be well organized, with an efficient card system to eliminate undesirables, cut down waste and schedule persons to see at definite times.

F. L. Lantz, Wilkes-Barre, Pa., gave a fine talk on "The Importance of Being Prepared," advising agents to carry their own policies with them to be used in canvassing. He urged using language the prospect can understand, to get away from the maze of technical language employed by many agents. Agents should familiarize themselves with optional methods of settlement. They should talk social security, study the stock, bond and commodity market, be able to talk intelligently with any one who is investment conscious. Other points were to be frank, talk to the point and study other companies' contracts.

Daniel Auslander, New York City agency, closed the first session with a talk on saying the right thing in the right way. He has made an outstanding record, being a life member of the Million Dollar Round Table. His 1936 paid business totaled \$1,052,787 and for four months this year he had paid for \$672,497. He is a student of phraseology that will avoid the prospect's objections, readily secure needed information and lead to the sale.

An interesting talk was given the second morning by Dr. Pearl Thompson, prominent osteopathic physician of St. Louis, on "Factors of Success." She noted that in fundamental emotions people are surprisingly alike.

C. K. Litchard of Litchard & Cook, general agents Springfield, Mass., talked on a simplified program plan designed to meet requirements in the middle income group. All such programs are built around essentially the same plan, he said, containing from five to seven major points such as cash for cleanup, income while children are growing up, income to wife for life, college education, and retirement, and some including special income for readjustment period of a year or more, and provision for mortgage elimination.

Others on the Program

J. W. Muir, Pittsburgh; L. B. Eby, Detroit; G. H. Schumacher, Cleveland, and E. C. DeVol, Philadelphia, told "Stories That Make Sales." T. P. Allen of the Long Island agency discussed the package sale. H. G. Mosler, Los Angeles, talked on "Making Contacts Mutually Profitable." He said publicity is essential for the agent; he must keep himself in the consciousness of potential as well as present clients.

Vice-presidents Fischer and Behan spoke at a luncheon meeting of the Massachusetts Mutual C. L. U. with President J. H. Wilson, Peoria, Ill., in the chair.

In the last session H. S. Payson Rowe, manager bond department, discussed bond investments. He said industry seems to be in a far less vulnerable position than in the late '20s and should be able to take care of changes in demand and supply without much difficulty.

A sketch, "See Me After the First," was given by M. Alexander, Jr., and S. Z. Oppenheimer of New York City. H. L. Regenstein of the Keane agency, New York City, a very large producer, spoke on "Building a Clientele."

The final afternoon there was a clinic on "The First Three Minutes," led by L. E. Simon of New York City, those taking part being C. B. Harrison, Pershing Square agency, New York City; Morris Landwirth, Peoria, Ill.; T. W. Evans, Cincinnati; R. N. Stouffer, Philadelphia; A. J. Nussbaum, Milwaukee, and W. E. Davis, Baltimore.

Dr. J. D. Finlayson, Tulsa, Okla., spoke on "A Life Career," and Vice-president Behan would up the convention after reports, election and installation of new officers.

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Great Southern Life Insurance Company

E. P. Greenwood, President

Home Office - Houston, Texas

INDUSTRIAL AGENTS, LABOR IN MOVE

(CONTINUED FROM PAGE 3)

enthusiasm are highly stressed and it is generally considered that a man without these qualities is not likely to last long as a successful agent. The principles of unionism seem to be against an employee giving unsparingly and unthinkingly of his best to his employer and his job.

Industrial agents are divided pretty definitely into the successful and unsuccessful, and it is a pretty safe statement that there is not much agitation for a labor union among the successful agents. Life insurance has long been defined as the best paid hard work in any business and certainly the agents in the higher brackets of production are usually making more money in life insurance than they could elsewhere. On the other hand there is undoubtedly a large number of poorly paid agents, because they cannot seem to lift themselves above mediocrity. To raise the salaries or incomes of these men would not be a satisfactory life insurance solution because whatever criticism there is of industrial insurance is that it is already costing the public too much and the struggle of every company is for a downward move in the ratio of expense. This has been achieved perhaps in greatest measure by the Prudential of England which is regarded as the founder of the industrial life system. To increase the expense would merely be to increase the cost of insurance to those who are already paying as much as they should be called upon to pay.

Industrial Agency System Been Production Stimulant

In fact, here is the nub of the whole industrial life insurance problem. It is conceded that the weekly payment of premiums, the collection at the home of these small amounts, the constant stimulation to insure an education to the public of the value of life insurance constitute a very desirable set of conditions both from the public and insurance standpoint, but the question is, is it worth what it costs? The fact that Americans carry more life insurance than all the rest of the world put together is undoubtedly traceable to a large degree to the industrial agency system; it is only the cost of that system which may be questioned. It would probably destroy the system entirely if the mediocre and unqualified agents could draw a minimum salary, regardless of what results they produced. It is for this very reason, perhaps, that industrial agents' unions are not likely to get very far because the successful agents, the ones whom the company really wants to keep, would naturally be opposed to larger payments or minimum salaries to those agents who they know are already getting as much as they are worth. It is not a matter of taking this excess money out of the company, as some agents naturally think, but it must come from the policyholders who in one sense are already paying more than they should. The whole future of industrial insurance depends upon the proper handling of agency matters because expense outside of agency is insignificant. Every criticism of life insurance logically comes down to the expense of the agency business.

Three Largest Companies Are on Mutual Plan

The three largest industrial companies are on a mutual plan and the rates of the stock companies are such that if the agents were paid more the money would have to come out of the policyholders by an increase in rates. Undoubtedly, should such a radical measure as a minimum salary of \$37.50 per week as demanded by one industrial agents' union become general, either the present system would have to be radically changed or the whole industrial business and its continuance would be brought into question. The great majority of industrial agents who are doing well in the indus-

trial business and who are satisfied with their jobs are pretty likely to see to it that the tail does not wag the dog and conditions be imposed upon the business which are impossible of fulfillment.

There are undoubtedly a great number of dissatisfied industrial agents, both who are still in the business and those who have gone out of it, who feel that they are poorly paid and should have some form of relief; but, unfortunate as it may be, working as hard as they do, they do not really earn any more than they are getting and the only true solution for them is either to improve themselves to the point where they can earn more money or go out of the business entirely into something to which they are better adapted. The fact that most business is written by successful agents who are making a decent living is the only criterion by which fair compensation can be arrived at; if the standard of the poorer agents is accepted, it merely means that an unreasonable cost shall be placed on the purchasers of life insurance and this cost might easily become so high that only a few would buy life insurance at all. There are many agents who work conscientiously, for long hours, giving the business everything they have, and yet do not make as much as they should; the trouble is still in themselves and not in the business. These men, if they see no prospects ahead, should look elsewhere for something to do.

Complaints Originate With Poorer Class of Agents

There might be occasion for unions in connection with matters dissociated with expense; there appear to be many disgruntled agents who have grievances and alleged mistreatment in various ways, but again these complaints will be found to be mostly by the poorer agents, who have a misunderstanding of the nature of the life insurance business. Most companies are so eager for good business and successful agents that they will invariably be found going more than half way in considering any just claims. Such matters as being charged with lapses and matured endowments; being given vacations with salary; reserving special salaries and paying them out so as to give the agent a more even weekly income are probably of small account, unless they have to do with increasing the compensation of the agent in some way. If there are individual cases of unfair treatment in these matters which the company refuses to adjust it would seem that the agent should have some recourse. His natural recourse would be to go with the company in the first place which is generally recognized as being fair to its men.

The nub of the whole matter of labor unions in life insurance might be stated to be that an industrial agent is really in business for himself; that he is working for himself and that his success depends upon his own efforts and on no one else; consequently, if he wishes to strike, or join a labor union, he can only take action against himself, his employer.

Equitable People Gave Talks

E. H. Browne, agency instructor of the Equitable Life of New York in Minnesota and the two Dakotas, addressed the St. Paul Business & Professional Women's Club on "The Institution of Life Insurance." Miss Inga H. Quam, agent of the Equitable at St. Paul, spoke before a large group of senior business girls at the Y. W. C. A. Mr. Browne is a past president of the St. Paul Life Underwriters Association. Miss Quam is an active worker in the cause.

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USE OF OPTIONS—RISE IN SETTLEMENTS

(CONTINUED FROM PAGE 2)

in connection with 11.6 percent of claims, whereas in 1935 it was 14.7 percent.

Frank D. Kineke, Prudential, attributed the increasing use of settlement options to difficulty on the part of the individual to make investments with a good yield. From 25 to 30 percent of the proceeds of claims are being placed under option today. There is about a 50 percent increase in this respect, over 1934.

In 1936, 20 percent of the optional settlements were those that had been effected by the assured and 80 percent by the beneficiary. The Prudential is endorsing about 300 policies a day, 100 of them being new contracts and 200 old ones.

Partial Withdrawal Allowed

The Prudential allows not less than \$250 withdrawal at any one time, where there is a request for partial withdrawal of the principal sum if the proceeds are left with the company by a beneficiary reserving the right of withdrawal.

Prudential does not permit a beneficiary to name a beneficiary to receive any proceeds remaining at death. Incidentally, all of the other speakers on this topic said their companies refuse to permit this privilege. They all took the position that such an arrangement would contravene the statutes of wills.

Mr. Kineke said it is prudent to limit the settlement arrangements to those that are specified in the policy. If the rates assumed were all conservative and there was margin for expenses, the company could afford to extend the arrangements beyond those that are specified. However, there is the danger of projecting interest guarantees too far in the future. He said there should be an annual depletion of funds when the contingent beneficiary comes into the picture. The right to elect a life income should be limited to a certain time after death of the assured.

F. A. P. Wood, Canada Life, said his company permits the assured to elect options other than those specified in the policy, but the beneficiary is not permitted to do so. Partial withdrawal of proceeds is permitted if in amounts of not less than \$100 and not more than four times a year. The Canada Life will not permit a beneficiary to name a contingent beneficiary.

ANNUITY TAXES

Some interesting discussion took place at the meeting of the American Institute of Actuaries in Chicago on the paper presented at the meeting last fall "Judicial Interpretation of Annuity Contracts" by Simon Shannon, Great-West Life.

W. D. MacKinnon, Equitable Life of Iowa, voiced the opinion that companies have little reason to fear adverse court decisions if they take care not to issue annuities to mental incompetents or to too highly substandard risks.

He referred to the fact that the Iowa supreme court recently held that considerations paid for annuities were taxable as premiums. He predicted that similar attempts to tax annuity "premiums" will be made elsewhere. This will cause trouble on annual premium annuities now on the books that were not loaded for such a tax.

Taxation of Benefits

As to taxation of annuity benefits, he expressed the belief that further changes in the way of increasing rates may be anticipated. He said the companies should be very careful in advising the people concerning taxation of such benefits.

W. A. Milliman, Equitable Life of New York, referred to the Iowa supreme court decision and also to a similar decision of the New Hampshire

supreme court. These decisions give the companies reason to be uneasy as to the expense loading, he observed.

He warned that annuity business should be avoided where the applicant is of unsound mind. An effort should be made to establish mental competency where the amount is large and the age is advanced. The motive for suit is in inverse ratio to the length of time payments have been received, he observed. Perhaps it might be well to include a short period certain in all annuity contracts. To do so might be cheaper than to go to the expense of fighting incompetency suits, which seem to be on the increase.

PRODUCTION VIEWS

Because of the lack of time only a few minutes were available for discussion of the topic "Production" at the meeting.

H. F. Rood, Lincoln National Life, gave the results of a survey that he had conducted among 20 medium sized companies. Only two reported that they had experienced an increase in term sales in the last three years. Sixteen declared that the replacement problem is diminishing. Most of them reported that the family income type of contract represented only a negligible portion of their business. Most of them do not permit commutation of installment payments of proceeds under the family income contract.

Mr. Rood made some comment on the question of whether it would be practi-

cal or advantageous to issue policies without cash or loan values. His conclusion was that it would not be desirable. Theoretical advantages might be cited such as the possibility of better persistency. However, unless all companies issued such contracts and such contracts exclusively, the rates on the non-cash value policies could not be reduced below the point of ordinary contracts to a point to make them attractive. When policyholders became distressed, something like the old policy auctions might occur.

Mr. Rood stated that an assessment company which until recently had given no cash value for 20 years or until age 65, whichever is first, changed to a more generous basis, being forced to do so by competition.

Dr. R. B. Robbins, Teachers Insurance & Annuity, stated that such a contract would be impractical and undesirable.

Family Income in Canada

Mr. Relyea of the Equitable Life of Canada said that in 1930 4.1 percent of his company's insurance issued was on the family income basis; in 1931, it was 7.5 percent; 1932, 9.2 percent; 1933, 12.6 percent; 1934, 5.1 percent (the drop being due to a rate change and reduction in club credits); 1935, 12.9 percent, and in 1936, 16.6 percent.

The family income appeal has been increasing, he declared. The persistency of such policies is better than the ordinary. For instance, 67 percent of all family income policies issued since 1930 are in force whereas 49 percent of all other contracts issued in that period are in force.

The Equitable of Canada, he declared, permits commutation of installment benefits under the family income contract where there is no selection against the company.

ANALYZE EXPENSE, LOAN HANDLING COST

(CONTINUED FROM PAGE 2)

lending institutions during the depression. The yield is being stabilized at around 5 percent. He told about the Dominion government's housing act which is in some ways comparable to the FHA in this country. Considerable interest is being displayed this year and the amount of money lent reached a peak in April of this year.

Sees Compensating Virtue

V. R. Smith, Confederation Life, commented on some of the remarks of Mr. Phillips. He asked whether the greater cost of handling monthly mortgage loans is not offset by the advantage of having closer inspection of such loans and being able to avoid losses.

Mr. Phillips admitted there is advantage in getting closer to "trouble spots," but he said that if all loans were converted to a monthly basis there would be a big increase in the expense over all to get at a relatively small number of such spots. Minnesota Mutual attempts to anticipate trouble by classifying new loans. For instance, the man with a good salary can pay annually. Others are better able to pay on a monthly basis. Some occupations such as life insurance salesmen should pay quarterly. The Minnesota Mutual is attempting to get the collections on as infrequent a basis as possible and yet be on the safe side.

Mr. Smith commented favorably on the law in Cuba and Mexico that makes it very difficult to foreclose, but which gives the mortgagee the right to obtain control of the property within a few days after default in the payment.

COLLECTION SYSTEM

Marcus Gunn, California-Western States Life, led off the discussion at the meeting of the American Institute of Actuaries in Chicago on the topic of expense. He described the recent change put into effect by his company where-

under the branch office collection system was replaced by a home office department. Results have been very satisfactory, he said. The change was made last fall.

Theretofore the company maintained branch collection offices that were separate from the agency offices. Each had a cashier and from one to 20 employees. All business was cleared through one or another of the branches. Some handled as little as \$3,000,000 of insurance and others \$50,000,000.

Until rather recently little attention was paid to the system. Then study was given to it and the management became aware of several unsatisfactory conditions. They found that the clerks and cashiers were engaged in a good many "puttering" duties. There was a certain duplication of work. The procedure was interruptive and unwieldy. Supervision was on a small scale basis. Information had to be exchanged with the home office, resulting in delayed service. The management came to the conclusion that the personal service that the branch office was able to give to agents and policyholders was desired only where agents and policyholders had learned to depend on such service.

Caused Little Hardship

The change was carried out with little hardship, he declared. The service has improved. The salary expense saving has not yet been great because of the personnel problem, but there will be savings in time. So far, the savings accomplished amount to about 10 percent of the entire salary expense of the company and are equivalent to about 50 percent of all the salaries of the branch office employees. The savings in rent, postage, etc., are equivalent to about 25 percent of the entire such expense of the company. There was also saving in printing, stationery, traveling, etc. The service has proved prompter and not less effective, he said. Errors, delays and misunderstandings have been re-

duced. So far as persistency is concerned, there has been no change so far, he said.

Gordon Melsted, Equitable Life of Iowa, discussed another phase of expenses—the use of extension agreements as methods of paying premiums. Normally in his company about 13 percent of the premiums are paid under extension agreements, he said. This ratio increased to 24 percent during the depression. In 1936 it got down to 16 percent and the normal ratio is being experienced this year. If policyholders persist in the use of extension agreements, the company prefers to get them to switch to a quarterly or semi-annual premium basis.

Emergency Measures

In January of this year the company issued instructions that extension agreements are to be regarded only as emergency measures and should not be used on successive premiums. Furthermore, an attempt should be made to get as large a payment as possible when the extension is made. Since then quarterly premiums have been increasing.

E. D. Armantrout, Provident Mutual, told something of how his company had undertaken to get away from the use of extension agreements. The company has been granting about 70,000 extensions per year, he said. It instituted a premium deposit plan that has been very attractive. It enables the assured to budget his premium outlay and make monthly deposits on the basis of one-twelfth of the annual premium. The extra cost to the company is offset by the lack of reinstatement transactions, etc.

Opens Collection Offices

An analysis was made of 10 percent of the policies in connection with which the premium deposit plan was used and it was found that there was an improvement in 43 percent of them.

Provident Mutual in the last three years, he said, has opened collection offices in New York, Boston, Rochester, N. Y., Cleveland, Reading, Pa., and Birmingham, Ala. These were opened with the idea of relieving the general agents of details, of making it easier to open new sales offices and for purposes of economy. Most of the records were transferred to those offices. These offices handle the collections of all premiums after the first, take care of extensions, reinstatements, loans, assignments, options, etc. They handle the routine phase of the work upon authorization of the general agent. The general agent gets the full collection fee less the premium collection office charge. That gives the general agent an inducement to push the sale of policies on the annual basis. This method has produced a saving of from 15 to 20 percent. There was some resistance on the part of general and special agents when the plan was adopted, but now all are enthusiastic, he said. The cashier, he declared, should be competent and be well balanced between the home office point of view and sales sense. He has an opportunity to get good leads.

PROFIT, POLICY SIZE

The paper "Note on Profit Margin by Size of Policy" that was presented at the meeting of the American Institute of Actuaries last fall by W. A. Jenkins, then of the Lincoln National, now of the Teachers Insurance & Annuity, brought forth considerable discussion at the institute meeting in Chicago last week.

E. D. Armantrout, Provident Mutual Life, expressed the belief that in making asset share analyses there is the danger of putting too much emphasis on the size of policy and too little on the distribution by size. It would not be feasible, he said, to introduce a variable in amount of the dividend according to size of policy. What the actuary should do is to produce an exhibit indicating the area of unprofitable business to aid the agency department in its selection of

new agents. The small, extra contractual privileges should be limited so far as the unprofitable lines are concerned.

C. O. Shepherd, Travelers, said there is no immutable law that the higher the policy the higher the mortality. He warned against taking for granted that high mortality is common to large policies. If the mortality is high, he contended, it is due to the intensified adverse selection, but that is a challenge to the underwriter. The size of policy is relative, he pointed out, to the size of the company. What might be a jumbo case for one company can be taken in its stride by another.

He expressed doubt that there is a direct correlation between the size of policy and the rate of lapse.

The factors affecting lapse, he said, are three: (1) Clear understanding by the assured of the terms of the policy at its inception; (2) The persistency of the need for the insurance, and (3) the persistency of the capacity to pay.

C. H. Tookey, Occidental Life of Los Angeles, told of the experiment that his company is making in grading commissions according to size of policy. So far, it has been successful. The average size of policies of agents, who have been put under the plan has increased without any indication of overloading the buyer.

Include Insurance Companies Under Income Tax Proposal

ST. PAUL, June 3.—The income tax bill introduced in the house at the special session of the legislature includes insurance companies and gives them no credit offset for the premium taxes they already pay. At the regular session the income tax bill allowed insurance companies an offset for their premium taxes. If the measure goes through in this shape it will add materially to the taxes of all insurance companies doing business in the state.

Plan Events for Ladies

DENVER, June 3.—The ladies in attendance at the National Association of Life Underwriters' convention here in August will be kept fully occupied by a round of activities being planned by a committee headed by Mrs. Curt Schroeder, widow of the late Curt Schroeder, former general agent Northwestern Mutual. These activities will include luncheons, bridge parties and similar activities of a social nature.

A most stimulating program also has been arranged for women underwriters, who are expected to attend the convention in unusually large numbers this year. This program is being arranged by a committee of which Miss Marie Parker is chairman. The women underwriters will meet on Tuesday, a day ahead of the general meetings and the program will include a morning session, luncheon and a dinner in the evening for all women underwriters.

The quarter-million dollar "round table" sessions also will be held the same day. Sara Frances Jones of Chicago is chairman in charge of arrangements for the quarter-million dollar group.

Ohio Annuity Tax Ruling

In holding that moneys received for annuities in Ohio by foreign companies are not taxable as premiums under Sections 5432 and 5433 of the Ohio general code, the attorney-general of Ohio said that proportionate annual participation in the divisible surplus of life companies (so-called dividends) which are used to purchase paid-up additional insurance or are left with the companies to accumulate for accelerating the endowment or paid-up maturity dates of policies covering risks within the state are not taxable as premiums. When policies issued by foreign life insurance corporations provide for waiver of premiums in event of disability, credits for premiums which are granted such policyholders on policies covering risks within the state are not taxable as premiums.

Henry Moir Critically Ill Following Operation

Henry Moir, for many years president and more recently chairman of the finance committee of the United States Life and one of the outstanding actuaries of the world, underwent an emergency operation, recently at the Clifton Springs Hospital, Clifton Springs, N. Y., for a circulatory condition that had become unexpectedly acute. In recent weeks Mr. Moir, who has enjoyed a life time of unusually fine health, complained about feeling below par. Upon the advice of his physician, Dr. J. Albert Avrack, who is also medical director of United States Life, he agreed to relinquish his office duties, take a complete rest for a week or so at Atlantic City and give up a contemplated trip to Europe where he planned to attend the International Congress of Actuaries at Paris. Thereafter he showed marked improvement but recently grew worse.

Again upon Dr. Avrack's advice as well as that of some of his friends among the executives of other life companies, he went to Clifton Springs where it was hoped that a rest would restore him to normal health. His condition, however, became progressively worse and due to this sudden change an emergency operation was undertaken in order to render palliative relief.

The latest reports, of a somewhat discouraging nature, are to the effect that he is very low. His wife, son, daughter and son-in-law are at the bedside constantly.

Ocean-Columbia Over-Age Contract Has Wide Appeal

Much interest has been displayed in the new "security" policy, which is an over-age contract, of the Ocean Accident and Columbia Casualty. Until these associated companies provided the facilities, the only market for such a contract has been London Lloyds.

The "security" policy is issued, beginning at age 59. The companies have no age limit beyond which they will not go, although at ages 80 and over the risk is given special consideration.

The contract provides death, dismemberment, total and partial disability benefits, plus several attractive side issues such as hospital, nurse, surgical, selective schedule, double indemnity and identification clause.

For premium of \$70 to age 75, \$120 thereafter, death benefits of \$10,000 are provided for ordinary accidents, \$20,000 for travel accidents; weekly indemnities of \$50 a week are given for 104 weeks with provision for a lump sum commutation at end of that period; for partial disability, benefits are \$20 a week up to 26 weeks; there are specified payments for surgeon's fees, 20 weeks of hospital confinement or nurse attendance are covered. If the injuries do not require an operation or create a disability, any medical expenses incurred, up to one week single indemnity, will be paid.

For women, the rate is 20 percent higher than for men.

The commutation clause that becomes operative at the end of 104 weeks of total disability, provides that an arbiter be appointed satisfactory to the company and assured who will decide upon a fair lump sum settlement, taking into account the life expectancy and the extent of the disability of the assured.

Protection may be purchased in any amount that the applicant desires, based upon the premium of \$7 per \$1,000 principal sum.

The principal Lloyds over-age contracts are known as K-1 which is for death or disability only and Lloyds K-3, which is for death, dismemberment and total and partial disability. The Lloyds K-3 contract, however, does not have the side features and it pays for only 52 weeks. The Lloyds K-3 contract

takes a rate of \$60 for \$10,000 principal sum and \$50 a week.

The dismemberment benefits of the Ocean-Columbia policy are: For loss of both hands or both feet; one hand and one foot; sight of both eyes; one hand and sight of one eye; one foot and sight of one eye a sum equal to weekly indemnity for 200 weeks if the injury results from an ordinary accident and to 400 weeks if it results from a travel accident. For either hand or either foot benefits are the equivalent of 100 weeks' indemnity for ordinary accident, and 200 weeks for travel accident; for sight of

either eye, the benefits are 65 weeks for ordinary accidents and 130 weeks for travel accident. For thumb and index finger the benefits are 50 weeks, ordinary accident, and 100 weeks, travel.

No License, Fined \$25

L. L. Miller, Des Moines, was fined \$25 after pleading guilty to a charge by the Iowa insurance department of soliciting business without a license. He represented the Fidelity Benevolent Association, Rock Island, Ill. That organization agreed not to undertake any further Iowa business.



The Gift that Endures

"As the groom's father, I knew from the first exactly what I was going to give Tom and his bride for a wedding present.

"I wanted to give them something that would really help them. Something useful, that would keep on being useful—instead of going out of style, or getting put up in the attic.

"So I gave them a New England Mutual insurance policy on which I had paid the premiums five years in advance.

"Do you realize what that gift means to the newlyweds? It means five years' grace before they'll have to add insurance to their budget. In

the meantime, their policy will be steadily growing in value. It'll become a fine, sound investment for them. And by the end of five years that investment will be far too valuable for them to let it slip away!

"Do you know what the gift means to me? It means I've done something really helpful for my son—helped him in his most important responsibility. It means that his wife's future, instead of being at the mercy of luck, is now safeguarded by all the strength and integrity and resources of the first mutual life insurance company chartered in America!"

Would you like to know how best to give insurance for a wedding, anniversary or birthday gift? Or how easily you can finance a child's education? Write to Dept. F for our interesting booklet, "Gifts That Endure."



NEW ENGLAND MUTUAL
LIFE INSURANCE COMPANY OF BOSTON

★ ★ ★ GEORGE WILLARD SMITH, PRESIDENT ★ ★ ★
AMERICA'S FIRST CHARTERED MUTUAL LIFE INSURANCE COMPANY — AND STILL PIONEERING

This advertisement, the third of our 1937 series in national media, appeared in *The Saturday Evening Post*, May 8, and is scheduled for *Time*, June 7, and the June issue of *American Magazine*. The booklet, "Gifts That Endure," will be mailed on request.

Asks Congress to Stop Loopholes

(CONTINUED FROM PAGE 1)

husband and wife, reduces income taxes and leaves the family income intact. Splitting the family income many ways by means of many trusts, all for the same beneficiaries, may effect a much greater saving, while leaving the money actually in the same hands. For the creator of the trust often constitutes himself or his wife as trustee, and thus retains full control over the investment and disposition of the fund itself and of its income.

"One thrifty tax payer has formed 64 trusts for the benefit of four members of his immediate family, and thereby claims to have saved them over \$485,000 in one year in taxes.

"Another thrifty pair have constituted 40 trusts for their relatives, and a prominent lawyer and his wife utilized 16 trusts for the same purpose. The first pair maintains numbered brokerage accounts, and only at the end of the year are the beneficial owners identified. In this way innumerable transactions are carried on, often between accounts, which do not actually affect the beneficial interests of their owners, but which are designed solely to reduce tax liability."

7. Husband and wife or father and children partnerships.

8. Pension trusts. On these Secre-

tary Morgenthau's letter says:

"For 10 years the revenue acts have sought to encourage pension trusts for aged employes by providing corporations with a special deduction on account of contributions thereto, and exempting the trust itself from tax. Recently this exemption has been twisted into a means of tax avoidance by the creation of pension trusts which include as beneficiaries only small groups of officers and directors who are in the high income brackets. In this fashion high salaried officers seek to provide themselves with generous retiring allowances while at the same time the corporations claim a deduction therefore, in the hope that the fund may accumulate."

Quick Action, Then Clean Up

The aim of the Treasury is stated in Secretary Morgenthau's letter as follows:

"These eight types of tax avoidance are sufficient to show that there is a well-defined purpose and practice on the part of some taxpayers to defeat the intent of Congress to tax incomes in accordance with ability to pay. In some cases, the bureau of internal revenue under existing law can establish a liability or indeed proceed on the ground of fraud; but many of these cases fall in the category of a legal though highly immoral avoidance of the intent of the law. It seems, therefore, that legislation should be passed at this session of the Congress in order to eliminate these loopholes which our preliminary investi-

gation has proved; and that as a result of the further investigation this summer and autumn the next session of the Congress should finally close any further loopholes which may be discovered."

Sam Cummings Announces Theme of Denver Convention

(CONTINUED FROM PAGE 1)

has legal reserve life insurance been more thoroughly appreciated as a means of attaining economic security than during the period since 1929.

"Our theme contemplates discussion of this time-tested plan of economic security and methods through which we may become better qualified as life underwriters to serve our individual clients. Through greatly increased sales of life insurance and annuities, and faithful conservation efforts, we will fulfill our obligation to provide security for the individual and his dependents, and the aggregate of our service to the American people will continue in the future as in the past to provide social security."

Actuaries Embark Upon a Crusade

(CONTINUED FROM PAGE 1)

Great Southern Life; L. J. Kalmbach, Lincoln National, H. H. Jackson, National of Vermont.

There was considerable congestion at the Chicago meeting due to the fact that a number of important new papers were presented and there was prolonged discussion on a number of the papers that were presented at the autumn meeting, 1936. Only one of the subjects for informal discussion was handled at the second session and at the third and final session it was necessary to skim over the other four topics rather hurriedly.

W. H. McBride, National Life and Accident, treated the subject of the gain and loss exhibit with much feeling. It developed that he had prepared a substitute showing which has won the approval of the blanks committee of the American Life Convention, of which he is a member, and has obtained favorable comment from the blanks committee of the National Association of Insurance Commissioners.

Silence Is a Reproach

"If life insurance really does some of the things that its gain and loss exhibit shows it does," according to Mr. McBride, "its severest criticism could not be said to be unjust."

Mr. McBride said that the actuary should not keep silent on this matter. It is a reproach to the actuaries that they seem to give it approbation by their silence. The gain and loss exhibit contains fundamental fallacies and inherent dangers, he asserted.

Three uncalled for statements are published, he said, and these lend themselves to the cleverly unscrupulous. He asked why the public should doubt that the companies mean exactly what they say. He asked whether the insurance departments will come to the rescue of the companies.

"We gain little esteem by stultification," he declared.

"When we show big gains from mortality," he declared, "that is easy to interpret as substantial overcharge."

Confession of Extravagance

"When we show elsewhere heavy losses on account of the expense loading, that reveals nothing to the supervising authorities and affords the policyholder little comfort. He sees it as a confession of extravagance."

The worst distortion, according to Mr. McBride, is the showing that there is a big profit from surrenders, lapses and charges. "What would we not pay to forego those gains?" he asked. "Gains forsooth!"

That last exhibit paves the way for

the cleverly unscrupulous to say that the policyholders' savings have been confiscated. It is a "plausible perversion" he said.

The gain and loss exhibit, he said, is a worthless analysis of business accomplishment. "It would be an academic joy," he declared, "if a legal standard of solvency could be selected as a reliable index of surplus charges that would at the same time disclose the facts of the business and show its mathematical concepts. But that is an impossibility and the idea must be discarded that the legal standard of solvency is anything more than just that. Components of the legal reserve are meaningless.

Monetary Consequence

"We must remind ourselves that the monetary consequences of the inclusion of withdrawals cannot be dealt with when the fundamentals ignore them."

The error in the gain and loss exhibit, he concluded, can be turned against the business.

Mr. McBride was induced later to describe briefly the exhibit that he is suggesting. He said he does not advocate the abolition of the gain and loss exhibit. That part of page 9 dealing with interest and investments should stay in, he declared, or be replaced by the casualty form.

Modernizing the Report

Modernization of the life company annual report was discussed by Mr. Shepherd in his formal paper.

Mr. Shepherd went back to the early days and showed how the first requirements of the states on all corporations were the ones applied to life insurance, and were crude and ineffective. The first separate reports for life insurance corporations were adopted in New York in 1852 and 1853. The confusion in the various states was great, and the differences of opinion about what should be shown were varied. The differences in the blanks were really the cause for the calling of the first insurance commissioners convention. Some reports did not even call for a balancing between debit and credit. In 1874 the Michigan or "perfect balance" form was adopted and is substantially the form of the present day. In other words, the statement blank represents the state of accounting in 1874 and has not been adapted to the great advances made in general corporation reporting.

G. & L. Exhibit Devised

The inadequacy of accounting methods of 1874 became so apparent that in the statement blank in 1895 the gain and loss exhibit was devised to remedy some of the lacks of the convention blank.

The gain and loss exhibit is a combination of accounting form and actuarial analysis. Most of the items are drawn from income and disbursements and assets and liabilities, but certain items, such as net premiums, loading, expected mortality and interest required to maintain reserves, are not found there and are not in fact represented by any corresponding accounts on the company's books.

The objection to all this is that the accounting exhibit cannot be read with the rest of the statement. It stands by itself, tied in for the reader only by the final surplus figure. In its actuarial analysis the gain and loss exhibit is a budget of 1868, and like most first budgets a crude one, even when judged by the conditions of those days.

Fought by Companies

The gain and loss exhibit has lost ground badly in recent years through its inadaptability on any practicable basis to such developments as group insurance and total and permanent disability. The companies have fought to rid the convention statement of the gain and loss exhibit, but without success. The effort should continue, said Mr. Shepherd, and the procedure should be a continued and sustained process of education and an adequate substitute for the real values which the exhibit does contain.

The "exhibit of changes in surplus,

★ MODERN LIFE INSURANCE SINCE 1845 ★



STATISTIC

A figure sleuth has discovered that the average length of service of Mutual Benefit men (excluding new men) who attended the 1936 Agents' Convention was something over thirteen years. An analysis of the "composite man" of this group shows that he began his service shortly after the post war depression, made "good money" during the boom, had to scratch like the dickens for his commissions during the Great Depression, and, still working hard, is getting better results for his efforts in 1936. His thirteen-year service record is at once a tribute to his ability and industry and to the Company with which he is associated.

The
MUTUAL BENEFIT

LIFE INSURANCE COMPANY • NEWARK • N. J. •

according to classes of lines of business," adopted in 1925 as an adjunct of the gain and loss exhibit is a patch where a new garment is needed. The gain and loss exhibit is responsible for a tremendous amount of harmful misunderstanding which exists today. It misleads even those who may be said to be well informed, and it has been found exceedingly useful by those who are glad to misunderstand in the life insurance business for their own ulterior purposes.

Must Offer Something Better

The standard blank and the gain and loss exhibit have had a harmful effect on the internal accounting of companies. In the early days the improvements in internal accounting undoubtedly were the source of the improvement in the public forms. Had the process of internal experiment gone on and better forms of statements been evolved for the companies' private use, eventually those forms would have resulted in a change in the convention form of statement. If a change in public forms is to come in the future, it is by that process that the change should be brought about. But until other statement forms have thoroughly proved themselves superior and practicable, and until they have been perfected in private use, they should not be advocated for public purposes.

Revision on Page 10

The lines on page 10 should be so revised as to develop into a revenue account, showing in one place the contractual revenue, below that the contractual strain including claims on an incurred basis and the reserve increase. From that should be deducted the insurance expense, leaving the underwriting margin. The purpose should be to get away from the idea, above all, that reserves are released.

C. F. Cross, Lincoln National Life, presented the discussion on the subject by A. J. McAndless, first vice-president Lincoln National.

The "do nothing attitude," according to Mr. McAndless, has not had any serious effects until recently, but due to the use that is being made of the gain and loss exhibit in competition these days, something should be done about it now, he said. There should be a campaign launched for a change. The actuaries must be prepared to propose something to take the place of the gain and loss exhibit. He said a committee of the institute ought to be appointed to make a study.

Misleading as to Group

Mr. Shepherd took the floor. He said the gain and loss exhibit has been losing ground rather rapidly. It is even more misleading as to group insurance than as to other forms. It is not applicable to annuities or to disability. The gain and loss exhibit, he pointed out, is a big factor in fomenting the attacks upon life insurance that have appeared in the last year or two.

The effort that was made in 1925 to get the gain and loss exhibit out of the annual statement blank shows that there must be more preparation on the part of those advocating the change. A profound study is required because the gain and loss exhibit is an integral part of the statement. Those making the study must tackle the statement as a whole. He said actuaries and company people must bide their time, have patience, get unified opinion before trying to bring about a decision.

F. A. Draper, consulting actuary of Westerville, O., said he had talked to W. A. Robinson, deputy superintendent of Ohio and chairman of the blanks committee of the commissioners convention, on several occasions on this subject. He said Mr. Robinson told him the blanks committee receives many suggestions, but many of them are incomplete. They are not carried out through the blanks.

Mark Hyslop has been appointed manager for the Continental American Life in south central New York with headquarters in Wellsville. His son will be associated with him.

Call Association Group Cases Assessment Programs

(CONTINUED FROM PAGE 2)

nature of the insurance when he buys. The employee, initially, should be given clear notice of the status of his protection upon retirement. The insurer should seek to supplement the group cover with ordinary insurance by individual effort.

As to group insurance for associations of employees, Mr. Milliman expressed the belief that this comes close to assessment insurance. If any of the groups have been successful it is because the age distribution is young. He predicted that the cost is sure to increase. The younger members will drop out. There will be a lack of interest on the part of new employees. Such an arrangement is likely to produce unhappy consequences that may have unfavorable reactions upon the insurance companies.

Reducing the amount of insurance or introducing other restrictions is merely "sugar coating," he asserted. These restrictions merely delay trouble and the plans sooner or later will blow up. He expressed the belief that the fundamental fault with the association group plan is that the employee must pay the entire cost.

Dr. Robbins Gives Views

Dr. R. B. Robbins of the Teachers Insurance & Annuity, disputed the theory that the fault is that the premium is paid entirely by the employee. He expressed the belief that such group coverage may prove satisfactory if the main purpose of the group is something other than the insurance feature. For instance in trade unions, the insurance feature is incidental. The greatest trouble comes where the group is formed primarily to obtain the insurance.

F. A. Draper, consulting actuary of Westerville, O., warned of the tendency among employees to take the position that they should be paid higher wages and be permitted to arrange their own insurance program. Likewise the occurrence of a strike may cause a group to vanish.

In his paper on the underwriting of group insurance, Mr. Dunlap declared that the fact that this form of protection is one year renewable term is the foundation of many of the underwriting requirements. Group life, he said, must be carefully distinguished from assessment insurance. In order to keep it free from the common difficulties of assessment, experience has shown that any group accepted for life insurance must have been formed for purposes other than obtaining the group insurance, should have a regular influx of new members, and, if the group is written on the contributory plan, the amount of contributions should be constant for each employee with the balance of the cost paid by the employer, and with the cost in amount sufficiently low to attract all employees.

Cost to the Individual

If an average contribution is to be charged each employee within the group, the average must be such that the margin between it and the cost of regular insurance on the younger members offers an attractive proposition. Under the usual employer-employee type of group the cost to the individual employee is usually limited to an amount below what the employee, except in the extreme young ages, would have to pay for the same insurance under an individual term policy, the employer making up the difference.

In industries for which the minimum group rates are charged, the maximum contribution to be made by the employees is usually 60 cents per month for \$1,000 insurance.

If the entire cost were borne by the employees, one of the chief differences between group life and assessment insurance would disappear.

It is important that the "actively-at-work" provision be strictly enforced. There is no statement of health by the employee and no inspection of the appli-

cant. The only thing that the insurer can be sure of is that the employee's health is at least sound enough for him to be working at his usual place of employment.

A minimum of 75 percent participation of employees is considered necessary though an even higher percentage is desirable. In actual practice, he said, participation of 95 and 100 percent is very common.

Mr. Dunlap treated the matter of eligibility of the employee to insurance. The probationary period is important. A period of three months has been found satisfactory for the normal type of industry. In exceptional cases a waiting period of as low as a month might be satisfactory, but it should never be less than that. Too long a waiting period would ordinarily exclude large numbers of employees whose employment would probably prove permanent. A waiting period of more than six months is unusual. It should never exceed a year,

he said. In practice, the period is usually waived for employees working at the time the group policy is issued. At the end of the probationary period employees making application are eligible without medical examination. If they do not apply at that time, the period subsequent to such time during which they should be allowed to apply without evidence of insurability should be definitely limited. Otherwise they might wait until their health was impaired before applying.

Restrict Investment Handling

MADISON, WIS., June 3.—A measure has been enacted in Wisconsin requiring that all investments and deposits of funds of insurance companies shall be in the corporation name and no one in charge of investments shall accept directly or remotely a commission or any consideration on account of any loan or investment transaction.



A KNOWN SUM AT A SET TIME

Life insurance as monthly income is ideal for the protection of women and children.

Claim payments are made for stated amounts on the date set in advance.

Some family providers may not know of this arrangement.

MAKE IT YOUR BUSINESS TO TELL THEM



The Prudential
Insurance Company of America

EDWARD D. DUFFIELD, President

Home Office, NEWARK, N. J.

EDITORIAL COMMENT

"Time's" Insurance Attitude

It is surprising and unfortunate that a well edited and well read weekly magazine like "Time" did not give more intelligent and helpful comment on Life Insurance Week than it did in its issue of May 31. Throughout the entire article is a satirical and cynical expression with the direct inference that life insurance is sold under high pressure and hence the lapses are heavy. It even brings in GILBERT & SULLIVAN of Philadelphia, composed of DAVID GILBERT and JAMES P. SULLIVAN, who attack legal reserve life insurance from the investment standpoint, and holds them up as able and erudite counselors.

The fact is brought out that there was an extremely heavy lapse ratio during the depression. Naturally thousands and thousands of people were not able to keep up their life insurance. They could not hold on to their securities. They had to resort to many means to economize and to live. Life insurance companies, like every other institution, felt the jolt of the depression. People had to sacrifice at many points.

There are different kinds of policies that give a maximum of protection with a minimum of investment, graded up to the higher investment forms so that these policies can be adopted to the needs of the individual.

While some of the broadcasts during Life Insurance Week and some of the talks were of a puerile and bombastic nature, yet the great bulk of publicity was educational and dignified.

"Time" like many of the college professors that have attempted to write about life insurance and attack it, is erroneous in its premises. Recently J. B. MACLEAN, associate actuary of the MUTUAL LIFE of New York called attention to errors in the book "Life Insurance—A Critical Examination" by Prof. EDWARD BERMAN, labor economist in the WPA organization at Washington, D. C. Regardless of the fact that these were plainly brought to the attention of Professor BERMAN, yet in the "Forum" he repeats these same fundamental errors and now they appear in "Time's" observations.

"Time" reports 40 legal reserve companies failing during the depression. The deduction is made that these "failures" are on the same basis as com-

mercial enterprises or banks where stockholders may receive but little out of the wreck. As a matter of fact, by the widest stretch of imagination, there are only 35 companies that collapsed during the depression period, a list appearing in this issue. These "failures" may have affected stockholders but there are only a few out-and-out failures where policyholders, who after all are the essential parts of a life company, lost their all. A few companies badly manhandled left but little to policyholders. Out of this list there are probably six or seven where the policyholders will receive little or nothing. In the other cases the policyholders in some instances will be just as well off and even better than they were before. In others liens are placed on the reserves which are gradually being reduced.

"Time" makes the unfortunate blunder of recommending seemingly one year term insurance or pure protection which is the basis of the old assessment institutions, all of which have been wrecked by this very system or saw the light soon enough and reorganized on a legal reserve basis where the investment feature plays some part in building and conserving estates.

It would be highly edifying if "Time" would list depression failures of banks, building and loan associations, industrial and commercial enterprises of various kinds, show what became of holdings in real estate, bonds and stocks and then compare the history of such holdings with life insurance investment policies which "Time" decries. The results would be very illuminating and would show life insurance to be far and away, the safest place where people have placed their money.

Insurance in its various branches has its weaknesses and there are features to be criticised in a justifiable way. However, when one of the popular magazines attempts to take up a technical discussion without being well informed an injustice is done to the industry. When, for instance, it brings to the front GILBERT & SULLIVAN as giving the right sort of information on insurance to the people, its ignorance is revealed in what is a most startling measure.

Industrial Insurance Progress

For years ordinary life men have been attacking industrial insurance on the basis of its high cost and certain peculiarities in its policy contracts. Recently COMMIS-

SIONER DE CELLES of MASSACHUSETTS approved industrial insurance practices and justified the higher premium cost in an intelligent legislative report. In this issue

F. D. KINEKE, assistant actuary of the PRUDENTIAL, explains the new industrial policy which is similar to and compares favorably to the ordinary contract. Industrial insurance is not on trial. It serves a distinct purpose in providing insurance to a class of people who need protection and cannot secure it in any other way. The progressive industrial companies are making every effort to broaden contracts and to extend industrial insurance service. In view of this, it is unwise for ordinary

agents to criticize industrial insurance. Both forms of insurance are based on the same principles and attacks on industrial reflect on ordinary as well and provide missiles for the snipers that have been attempting to mislead the public. We suggest that ordinary men read Mr. KINEKE's article so they can appraise the situation intelligently. Unwarranted criticism within the business is unhealthy and with the publication of the DeCELLES-KINEKE facts it is a good time to stop it.

PERSONAL SIDE OF BUSINESS

Irvin M. Barker of the Morton & Morton agency of the Connecticut Mutual Life in St. Louis has won the president's cup for the greatest number of paid applications written in competition with over 1,000 agents in the United States. It is considered one of the most important awards in the Connecticut Mutual's club year which ended May 1, 1937.

T. T. Phillips, president Gulf Life, has been elected president of the Jacksonville Advertising Club. Mr. Phillips' company has been expanding in the last two years in use and study of general advertising for life companies.

Dr. John B. Steele, medical director of the Volunteer States Life at Chattanooga, has returned to his desk after an absence of four months due to a broken arm and leg as the result of an automobile accident. He has had a long and serious experience.

E. R. Harris, Cape Girardeau, Mo., district manager Northwestern Mutual Life, has been elected president of the Lions Club there.

A farewell dinner will be tendered to C. J. Zimmerman, general agent in Newark of the Connecticut Mutual Life, June 4 by his entire agency and office staff and their wives. Mr. Zimmerman plans to leave about the middle of this month for Chicago, where he has been transferred as general agent.

More than a hundred friends of Mr. Zimmerman gave a dinner in his honor in New York City. There were insurance men from New Jersey, New York City, Connecticut and Boston present.

Gifford Vermillion, Milwaukee manager Mutual Life of New York, addressed the Kiwanis Club at Janesville, Wis., on "The Trusteeship of Life Insurance."

The copyrighted play, written by Bart Leiper, Provident Life & Accident advertising manager was staged by a group of dramatically inclined members of the company personnel, and depicted high lights in the career of a life agent.

Combining humor with gripping action, it brought out the human service side of the life underwriter's calling, shown in action, at the same time drawing back the curtains to reveal the behind the scenes touches of human interest to be found in a life insurance agency.

President R. C. Green, of the Chattanooga association, served as master of ceremonies, presenting the players and introducing several other entertainment

features. It is estimated that upward of 800 persons witnessed this presentation in Chattanooga. Members of the local association were provided with tickets for admission which were presented among their friends and policyholders.

W. E. White, assistant vice-president and director of agencies Continental Assurance, and superintendent of agencies Continental Casualty health and accident division, is in Los Angeles conferring with Harry Burford, vice-president, and W. E. Mast, manager life, accident and health department, California agencies. This office is California general agent for both companies. Mr. White spent time in the Pacific Northwest, visiting Leonard Greve, manager Pacific Northwest branch, Seattle, and F. H. Schroeder, Portland manager. In San Francisco Mr. White was presented at a luncheon results of production campaign in his honor conducted by Manager G. F. McKenna, Continental Assurance. C. A. Teasdale, resident vice-president of both companies and president California Agencies, was an honored guest. From Los Angeles Mr. White will visit agencies at Phoenix and Dallas.

Ray Murphy, Iowa commissioner, who helped to draft Iowa's state social security acts, spoke before the National Conference of Social Work at Indianapolis on organization in relation to public welfare planning, discussing the topic from the viewpoint of the American Legion, of which he is past national commander.

W. F. Leary, Oregon deputy commissioner, one of the champion bridge players of Oregon and his playing partner represented his state in a tournament in Los Angeles recently. Mr. Leary was formerly with the Royal Indemnity as adjuster in the Pacific Northwest, after which he was with the Constitution Indemnity. He resigned to purchase half interest in the H. B. Newland agency, which he left to become deputy commissioner.

C. C. Spaulding, president North Carolina Mutual Life, has been appointed a trustee of the North Carolina College for Negroes at Durham, N. C.

Stanhope Fleming, 73, last of four Fleming brothers prominent in the business at Des Moines, died of a complication of ailments brought on by old age. He went to Des Moines from Dubuque, Ia., in 1892. With his brothers, R. J., John and Charles, he secured the



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general agency in Des Moines for the Mutual Life of New York. Later the four brothers were general agents of the Massachusetts Mutual Life. Fleming went to Omaha to manage the brothers' interests there. He spent most of his life in Omaha, but established his permanent address in Des Moines several years ago. The Flemings were also active in real estate and built the Fleming building in Des Moines.

Henry Reichgott, Equitable Life of New York, attended the meeting of the Health & Accident Underwriters Conference at White Sulphur Springs en route to Chicago for the sessions of the American Institute of Actuaries.

R. P. Lewis, 41, general manager Pioneer Mutual Life, died at a St. Paul hospital following an operation.

A. O. Eliason, former president National Association of Life Underwriters, has returned to St. Paul for the summer and early fall. Mr. Eliason, now retired from active business, spends his winters in California.

J. W. Thomson, actuary of the North American Reassurance, attended his first meeting of the American Institute of Actuaries in Chicago last week. He took advantage of the occasion to go to Madison, Wis., to visit his son, who is an assistant professor in the department of natural history there and who is to be married in about a month. President L. M. Cathles of North American Reassurance also attended the institute meeting.

Robert Merriman, vice-president Scranton Life, had his son, Robert, attend with him the meeting of the American Institute of Actuaries in Chicago. The son is a student at Upper Canada College, Toronto, and is considering pointing his studies for an actuarial career. His father desired to have him get suggestions from some of the actuaries at the meeting.

A. M. Collens, president Phoenix Mutual Life, was elected to the executive committee of the National Industrial Conference Board, which is well known for its economics reports. Dr. Virgil Jordan, economist and writer, was reelected as president and chief executive.

Following a banquet attended by more than 300 agents, **Frank P. Samford**, president Liberty National Life of Birmingham, left for a Mediterranean cruise. After attending the Rotary International convention in Nice, France, he will tour Europe before returning to America on the Queen Mary in July.

Earl P. Andrews, Montgomery, Ala., manager of the Protective Life, has been elected grand chancellor of the Alabama Knights of Pythias.

Carl R. Marcussen, president Pacific National Life, is now president of the Lions Club at Salt Lake City.

R. L. Hoghe, Los Angeles manager Equitable Life of Iowa, was elected a director of the Big Ten Alumni Association of Southern California. Mr. Hoghe is also a director of Los Angeles C. L. U. as well as a director of the Life Insurance Managers Association of Los Angeles.

W. V. Power, assistant general agent in San Francisco for the Aetna Life, addressed the Rotary and Kiwanis clubs in Fresno and Visalia, Cal., on the recent Life Insurance Week. He brought out how the 64,000,000 life policyholders can best benefit by what they already own; how the week's activities were to enlighten and broaden the knowledge of citizens on the subject of life insurance.

Cash in on social security with a benefit slide rule. Gets business. \$1. Order from National Underwriter.

Frank H. Davis Memorial

E. Paul Huttinger from the head office of the Penn Mutual Life was selected to give the dedication address at the Frank H. Davis memorial held at his grave in Malvern cemetery, Malvern, Ia., Memorial Day, when the stone erected to his memory by some of his personal friends and his two brothers was dedicated. Mr. Davis at the time of his death was agency vice-president of the Penn Mutual. Mr. Huttinger, in a feeling address, said:

"Here amidst the vernal beauties of rural Iowa where he was born and lived his youth, we have gathered in memory of a great friend—not great in the sense of his life's station, but great in his capacity for friendship; one who by his tolerance toward all men of good will, regardless of their limitations, attracted them by a sincere interest in their lives and problems. His rule was as simple as the home from which he had sprung, to judge another's word and action from that other's point of view.

Had an Understanding Heart

"That is what it means to have an understanding heart. He loved his fellow man, not like the thinker who dwells aloof among delectable mountains and showers his affections on mankind en masse, but each individual for the peculiar qualities which were commended to him and won his admiration. He lived in the world of the spoken word, yet we who knew him best needed not to hear his voice. For in the community of the understanding heart no word need be spoken, no explanation made, no story told. It is a select brotherhood without charter or passwords which no one can join by conscious preparation and in which no one who belongs can be rejected. The lives of this brotherhood are centered in realities. It is they who live. In fact, they cannot die.

"Ralph Waldo Emerson wrote, in his essay on 'Friendship,' 'There are two elements that go to the composition of friendship, each so sovereign that I can detect no superiority in either, no reason why either should be first named. One is truth. A friend is a person with whom I may be sincere. Before him I may think aloud. The other element of friendship is tenderness. We are holden to men by every sort of tie, by blood, by pride, by fear, by hope, by lucre, by lust, by hate, by admiration, by every circumstance and badge and trifle, but we can scarce believe that so much character can subsist in another as to draw us by love.'

"Yet, here the ideal was achieved. We loved Frank Davis. It is not our astute intention to parade in public our remembrance of him. It was not because of his knowledge, nor his talents, nor his ability to reward us that we were drawn to him. We are brought hither by the affection that it was his human power to inspire. Such is true friendship. It reckons not the cost, nor profit or loss. It is the companion of balmy days, of storm and tempest, of fame and persecution, and illuminates them all alike with the steady beam of confidence and trust.

Weaknesses Were a By-Product

"I will not profane his memory by speaking only of perfection and saying he was without fault or foes, for being a mortal man of action in a seething world he must needs accumulate both. He had intimate acquaintance with the results of both impetuosity and mistaken judgment and paid them both with the coin of regret. But such weakness was the by-product of his strength. Those whom he regarded unfriendly were few. He could have reconciled all, had he been less a hater of sham and more of a compromiser with flattery. That in our memories we have forgotten his failings is proof of his worth, and we have done this not because of his inspiring leadership but because we know

he was genuine and sincere to friend and foe alike.

"Here in this quiet burying ground, a year ago, we returned his dust to dust forever. Since that time his beloved mother has taken her place between him and his father. Come gentle spring when nature wakes from her long sleep, and scorching sun of summer when 'the earth shall bring forth her increase.' Come red and gold of autumn and sifting snows of winter, when generations shall live and work and die forgotten. Come peace and plenty prospering the nation. Come floods and drought and drums of war that shall beat against the dome of night, the harbinger of want and desolation!

Symbol of Devotion

"But here untouched shall stand a rough hewn rock, the symbol of our devotion and his rugged honesty. Into this enduring bronze hath been forged a testimony of love and affection—not because he was once captain, for even now the wind and tide wash his footprints from the sands of time; nor because he was a power in the market place, for his power hath ended. No, friends of Malvern, these things witness the pomp and vanity of the world we live in.

"On this Memorial Day we leave them behind us and deal with realities, things that are changeless and incorruptible. We have returned to the eternal values of the spirit and their utter simplicity. Frank H. Davis! What does the name mean to you and me?

"Respected for his candor; admired for his courage; beloved for his unselfishness. By faith and action he lighted the pathway of trust and good will, and through his vision, courage and human understanding he inspired men to build better than they knew how.

"But of all the things we can think to say the most exalted is this: He was my friend! May he rest in peace and may God, in His infinite mercy and compassion, accept him as a companion of the understanding heart."

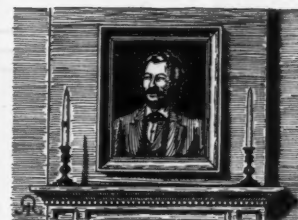
Among the Penn Mutual home office men who attended were A. E. Patterson, vice-president; Paul Huttinger, agency secretary; G. D. Davis, manager field service, and brother of Frank H. Davis; H. A. Vanbaal, auditing department; D. Bobb Slattery and Arthur Davis. Penn Mutual general agents attending were R. P. Banks, Cleveland; J. E. Rutherford, Des Moines; K. E. Madden, general agent, Davenport, Ia.; Wayne Clover, Wichita, Kan.; S. M. Somerville, Kansas City; H. J. Gilbertson and Arthur Mitchell, Fargo, N. D.; J. F. Laffin, Omaha; A. E. Rumsey, Waterloo, Ia.; L. W. La Bounta, Minneapolis, and C. E. Edleblute, Denver.

There were also three Equitable of New York agency managers: I. N. Lewis, New York; A. M. Embry, Kansas City, and F. N. Croxson, Omaha.

People Are Better Off According to a Survey

MINNEAPOLIS, June 3.—The average American citizen at the start of May was about as well off as he was at the beginning of April, but he had more money to spend than on May 1, 1936, and living costs did not rise as rapidly as income during the last 12 months, according to a study of what people earn and spend as reported monthly by Investors Syndicate, of Minneapolis.

The income of the average citizen at the start of May was \$1.32 for every \$1 received in May, 1936. Living costs last month averaged \$1.09 compared with \$1 at the start of May, 1936. Therefore, the average citizen at the start of May had a "real income"—that is, the difference between what he earned and what he spent—of 21 cents on the dollar more than he had 12 months ago.



A Great Grandfather

Like many other great grandfathers in the Middle West, he relied on the Saint Louis Mutual Life Insurance Company to provide for those dear to him after he passed on. His son and his grandson, each in turn, enjoyed a secure investment with this company.

For 80 years the Saint Louis Mutual Life Insurance Co. has staunchly stood the test of trying times and major crises. Today, as always, we temper progressiveness with sound, conservative principles.

There is a better future in a company with a good past.



SAINT LOUIS MUTUAL Life Insurance Co.

ST. LOUIS, MISSOURI

F. H. Kreismann, President



Security and Success

From coast to coast during Life Insurance Week these words were emblazoned—"The sooner you plan your future, the better your future will be." Words to chart your course to security and success.

Pioneering in the Life Insurance business is history. The course has been charted by carefully picked and trained officers. Through the efforts of these men and of Life Underwriters who have gone before, One Hundred Billion of Life Insurance is now in force in the United States. A practical demonstration of the elemental instinct of family protection—plans for the future, a charted course.

Chart YOUR future as a Life Underwriter to security and success. You will find it pays to be friendly with the

PEOPLES LIFE INSURANCE CO.

"The Friendly Company"

FRANKFORT

INDIANA

Juvenile Policies

The Manhattan Life Juvenile Policies are issued upon children from ages one day to nine and one-half years.

There are four forms:

- Endowment at 65
- 20 Payment Endowment at 65
- 20 Year Endowment
- Juvenile Educational Annuity

(Policies issued with or without Payor Benefit)

The Manhattan Life
INSURANCE COMPANY

Founded 1850

120 West 57th Street
New York City, N. Y.

NEWS OF THE COMPANIES

Pacific Mutual's New Setup

Agency Department Reorganized Into Three Divisions Under General Direction of D. C. MacEwen

The Pacific Mutual Life has arranged its agency department into three divisions. D. C. MacEwen, vice-president in charge of agencies, directs these units.

Jens Smith has charge of the organization section as manager of agencies, with direct supervision over life, accident and railroad department representatives. F. R. Woodbury, assistant manager, will take care of accident department matters under this jurisdiction.

The field service section has F. W. Forker as manager. He is a C.L.U. and has been assistant in the executive agency department, home office. Miss G. M. Millar will be assistant manager. The section will have charge of sales promotion, advertising and publicity.

The agency department statistical section will be under direction of N. W. Albert, who has been agency accounts supervisor. This unit will compute all data necessary for information as to production, conservation, etc. The agency accounting section will be transferred to the general accounting department, the section there under direction of I. I. Reeve, formerly office manager San Francisco branch. F. J. Steinebrey, chief administrator for agency accounting since 1906, will take a leave of absence due to poor health.

H. J. Brown has new duties under Vice-president H. S. Dudley.

Suit Would Force Royal Highlanders to Old Basis

LINCOLN, NEB., June 3.—Claiming transformation of the Royal Highlanders, a fraternal, into a mutual life company is in violation of law forbidding that and that proceedings taken in achieving that end are not authorized by statute, G. J. Bauman, a policyholder living in Hall county, has asked the district court to declare orders of the insurance director and acts of officers null and void and that the society be restored to its status as a fraternal.

Bauman charges that W. E. Sharp, who founded the Highlanders and has been its head in the years of its existence, controls and dominates its policies, and that with other officers named as defendants sought to secure legislative approval of a bill designed to permit a fraternal to be changed into a mutual carrier. He alleges the plan includes the later transformation of the company into a stock company with the present officers in control.

Approval of the change was overwhelmingly voted by policyholders but Bauman says that policyholders were not informed as to future expense that would be involved and that the law makes no provision for proxy voting in fraternal. He charges Insurance Director Smrha had knowledge that the fraternal had \$2,000,000 of surplus and that no dissolution, consolidation or change in the fundamental structure could be made without an order for distribution of such surplus.

Start "Lucky 13" Contest

The Mutual Trust Life inaugurated a 13 weeks "Lucky 13" contest June 1, in which agents to win special cash prizes must write at least one policy each week. The lucky 13 contest idea was tried with considerable success last year on entering the summer months.

The Expressmen's Mutual Life of New York has been licensed in Minnesota.

Standard Life's Function

Annual Dinner of the Indianapolis Company Brought Out Some Four Hundred People

At the annual dinner of the Standard Life of Indianapolis Judge W. E. Treanor of the Indiana supreme court was the chief speaker. There were about 400 directors, stockholders and guests present. Secretary G. F. Flagg reported that the business increased in 1936, 176 percent over the previous year. This year's gain will be 200 percent. Vice-president J. W. Cherry presented some general life insurance figures showing what has been accomplished in a large way. Vice-president Floyd Williamson, who was former state auditor, was toastmaster. President H. G. Leslie, former Indiana governor, welcomed the guests. E. H. Stein of Bloomfield, business man and speaker of the house of representatives, and J. L. Richardson of Fort Wayne, advertising publicity director of the Allied Mills, were elected on the board.

Secretary Flagg reported that the company produced \$614,500 insurance in April with an average of more than \$3,743 per policy. The company now has business in every county in Indiana.

Dismiss Bankruptcy Case

ST. LOUIS, June 3.—U. S. Federal Judge Davis has dismissed the involuntary bankruptcy filed July 10, 1934, against Ed. Mays, former president Continental Life of St. Louis and the Grand National Bank. The court's action was taken at the request of the attorney for the three original petitioning creditors, Superintendent O'Malley, the Rahmberg Motor Company and O. H. Moberly, state finance commissioner, who was in charge of liquidation for the Wellston Trust Company, Wellston, Mo., formerly controlled by Mays.

The attorney told the court that the assets formerly held by the Continental Life and the Rahmberg Motor Company have since been transferred to the Kansas City Life and that company had declined to join in the bankruptcy action against Mays.

Buys Home Office Building

The Pyramid Life of Little Rock has purchased the Southern building, a ten-story structure in Little Rock formerly known as the Home Life building, and will expend \$40,000 in modernizing and reconditioning the first floor for use as home offices for occupancy about July 15.

President H. L. Thomas said the purchase was made some time ago but not announced until now. The upper nine floors will be available for rental. The Pyramid Life's growth necessitated larger quarters.

Expect Minnesota Decision

ST. PAUL, June 3.—A decision may be handed down within the next week in the case before the Minnesota commerce commission involving the Policyholders National Life of Sioux Falls, S. D.

The case has to do with offering of stock rights to purchasers of life policies. The practice has been the subject of controversy between the company and Commissioner Yetka for about a year. When the commissioner questioned the right to sell insurance on that basis he said he understood that the company had agreed to desist and when it continued the practice Mr. Yetka cited the company before the commission.

The Policyholders National at the end of 1936 had \$1,161,000 ordinary business in force in Minnesota.

AMONG COMPANY MEN

Promotions by Union Central

E. J. Schindler Heads New Bureau;
Clyde Ferguson Becomes Agency
Secretary; Sweet Advanced

Three home office promotions have been announced by the Union Central Life, Cincinnati. E. J. Schindler, agency secretary, has been appointed director of the bureau of files and mail, a new division; Clyde Ferguson, editor of the "Agency Bulletin," has been named agency secretary succeeding Mr. Schindler, and F. B. Sweet has been advanced to the editorship.

Mr. Schindler has been associated with the company since 1924 when he started with the auditing department. His division will maintain the system of files and communications. Mr. Ferguson has been with the Union Central since 1929 in the publicity department. He has served as "Agency Bulletin" editor since 1932. After serving Charles Sawyer, former Ohio lieutenant governor, as secretary, Mr. Sweet joined the company in 1934, where he has been associated with the publicity department.

Crofoot Goes to Head Office

Assistant Manager in Chicago for the
Connecticut General Life Becomes
Accident Field Assistant

J. F. Crofoot has been appointed field assistant in the accident department at the home office of the Connecticut General. He graduated from the University of Pennsylvania and then worked in the Philadelphia agency of the Connecticut General. Later he went to Milwaukee and was with the Travelers as field assistant in the Milwaukee agency. About a year ago Mr. Crofoot became assistant manager in charge of the accident department of the Connecticut General in Chicago. The appointment of Mr. Crofoot is in line with the Connecticut General's plan of putting experienced field men in the agency department.

Brown Assistant Actuary

Arnold B. Brown has been appointed assistant actuary of the Metropolitan Life and is assigned to the Pacific Coast office.

Companies That Collapsed During Depression Period

Numerous inquiries come to THE NATIONAL UNDERWRITER from time to time about companies that have failed or changed during the depression period. The list is brought up-to-date, the first company in the list being the one that went out of business and the second being the one that took it over. The Missouri State Life was taken over immediately by the General American Life without any delay. The list is as follows:

American, Colo.—United Benefit Life.
Bank Savings Life—Victory Life, Kan.
Chicago National—Pacific States.
Continental, Mo.—Kansas City Life.
Cosmopolitan, Ill.—Being liquidated.
Detroit Life—Life Insurance Co. of Detroit.
Equitable Life & Casualty, Ky.—Federal Union.
Federal Reserve Life, Kan.—Occidental, Cal.
Federal Union, Ohio—Taken over by Ohio Insurance department.
Great Republic Life, Cal.—Postal Union, Cal.
Home Life, Ark.—Central States, Mo.
Illinois Life—Central, Iowa.
Independent Life, Tenn.—Standard Life, Miss., and Mutual Benefit H. & A.
Inter-Southern, Ky.—Kentucky Home.
Lincoln Reserve, Ala.—Protective Life.
Mississippi Valley, Ill.—Detroit Life.
American Life & Accident, Mo., Republic, Tex.
Missouri State—General American.
National Benefit, D. C.—Being liquidated.
National, U. S. A.—Hercules Life.
Northern States, Ind.—Lincoln National.
Old Colony, Ill.—Alliance Life, Ill.
Old West Life & Annuity, Cal.—Sunset Mutual and Continental Casualty.
Our Home Life, D. C.—Illinois Bankers.
Pacific States, Colo.—Occidental, Cal., and Cooperative Life, Ohio.
Peoria Life—Alliance Life.
Planet Life, Tex.—Pyramid, Ark.
National Standard Life, Ark.—Receiver.
Register, Ia.—Guaranty, Ia.
Royal Union, Iowa—Lincoln National.
Security, Ill.—Central Life, Ill.
State Life, Ill.—Old Republic Credit Life, Ill.
Surety Life, Mo.—Being liquidated.
Union Mutual Life, Iowa—Occidental, Cal.
Union National, W. Va. (formerly Gem City Life, Ohio)—Lincoln National.
Victory Life, Ill.—Victory Mutual.

New improved settlement option slide rule and instruction book. \$1.50. Order from National Underwriter.

Advances Plan for Security Reserves

(CONTINUED FROM PAGE 3)

ment, many of these persons are expected to have to supplement the low income benefit they will be receiving with old age assistance. An upward revision of the benefit in the early years should therefore substantially reduce the necessity for this additional aid.

Making Plan Less Burdensome

"In view of thus increasing the benefits in the early years, and at the same time providing for the continuation of benefits to surviving wives of pensioners, our actuarial training suggests it may well be desirable, perhaps even essential, to decrease the increment of benefits over the years as indicated in the last of the extensions listed, lest the cost of the plan become unduly burdensome."

In Mr. Hohaus's opinion, the main difference between those who favor and those who oppose the reserve basis lies in their attitude toward the proper relationship between the method of financing the old age benefit system and the tax requirement for other purposes. The difference, he said, lies largely in the degree of faith each group has in the ability of our governing bodies to handle the problem of controlling future tax requirements under a given method.

Those who favor the reserve system apparently want to make sure that the contemplated absorption of the national debt will take place by making it, so far as possible, a part of the process of financing the old age benefit system, he said, while current cost advocates, on the other hand, contemplate the financing of the plan itself—without direct reference to the national debt—but in such manner as to make it easier for future government to effect reductions in that debt.

Uncertainty About Future

"It is a moot question which of these stands is fundamentally the more realistic," he continued. "While the current cost philosophy, in itself, does not purport to guarantee national debt reduction or absorption its proponents have often questioned whether the reserve approach, which does purport to effect absorption, would ever lead to the accumulation of reserves in the amount forecast for the old age benefit system. They are skeptical, if for no other reason, because there is nothing in the social security act to assure that future

congresses will adhere to the policy initially laid down therein."

Two Systems Compared

In an extensive analysis of the pros and cons of the reserve and pay-as-you-go systems, Mr. Hohaus called attention to a point usually neglected in considering the merits of the two plans: reserve advocates argue that under a non-reserve system that part of the working population outside the system would eventually be bearing an unduly heavy and inequitable burden because through taxation they would be sharing in the cost of old age non-contributory assistance plans to which they would have to look for relief in their dependent old age and in addition would be taxed to help pay for the government subsidy necessitated by inadequate contributions to the federal old age benefit system by those within its scope. However, Mr. Hohaus pointed out that under the very reasoning employed by the reserve proponents it would be similarly inequitable to require the people covered by the reserve plan not only to pay, as contributors, for their own benefits in the full, but also to pay, as taxpayers, for part of the old age assistance granted to persons outside the plan.

The general question of whether a plan should be on a wholly non-reserve basis or on some basis embodying a compromise between the two extremes, would depend primarily not on actuarial principles but rather on practical considerations not actuarial in nature, Mr. Hohaus said. He added that he is hopeful that the proposed joint study by the senate finance committee and the Social Security Board, which has been proposed, will be undertaken and that if such a project is carried through he has sufficient faith in its outcome to predict that from it will develop a greatly improved federal old age program, one which in addition to its other beneficial results would close the reserve versus current cost debate on terms acceptable to most of the participants.

Phi Beta Kappa



GERARD S. NOLLEN, Des Moines, Ia.

President G. S. Nollen of the Bankers Life of Des Moines, former president American Life Convention, philosopher, comprehensive and penetrating thinker, versatile writer and finished speaker, has been honored by his alma mater, Grinnell College, Grinnell, Ia., by being elected to membership in the Grinnell chapter of the Phi Beta Kappa. Mr. Nollen graduated with the class of 1902.

This year marks the 25th anniversary of President Nollen's continuous association with the Bankers Life. The occasion will be fittingly celebrated in June by the sales organization, with a "President's Month" built around this silver anniversary.

GOLDEN RULE CONTRACT

SPOTLIGHT
The Future

A territory takes on a new "glow" in light of the "Golden Rule Contract." Limits on future earnings are removed, as this man's record shows. His home is a rural town of 528 population. Through the unique "Golden Rule Contract" his organization has spread through several counties and last year paid him in bonuses a total of \$1,878 and earned future renewals for him on \$717,000 of business. The agents he brought to his company who hold exactly the same kind of a contract earned bonuses for themselves, totaling \$2,161 in addition to their regular commissions.

*Name furnished to those interested in this contract.

The COLUMBUS Mutual Life
INSURANCE COMPANY
Columbus, Ohio

NEWS OF LIFE ASSOCIATIONS

San Franciscans Nominate

N. J. Nelson Will Become President of the Association; Formal Election Is June 10

SAN FRANCISCO, June 3.—N. J. Nelson, manager northern California agency the Reliance Life, has been nominated for president of the San Francisco Life Underwriters Association. The election is June 10.

A. E. Flamer, leading personal producer Aetna Life, was nominated for vice-president representing the personal producers' section. He is now secretary-treasurer. R. J. Shipley, general agent Northwestern Mutual Life, was

nominated for vice-president representing the general agents and managers section, and F. J. Van Stralen, manager Massachusetts Mutual Life, to represent the C. L. U. section as vice-president. R. W. Lynn, Equitable Life of New York, was nominated for secretary-treasurer.

Grover Nissen, manager California-Western States Life, was nominated for vice-chairman of the general agents and managers section, and J. L. Brader, manager Equitable Life of Iowa, for secretary-treasurer of this section. There are no opposing candidates. The new officers will take charge July 1.

A committee has been appointed by President T. Gallagher to study the constitution and by-laws with a view to bringing them into line with the "Richie Plan" for elimination of the part-timer and marginal producer. N. J. Goldsmith, Equitable Life of New York, is chairman. Membership is now open to any representative of a legal reserve life company without reference to his status as a part-time or full-time agent.

Because of the brokerage situation in San Francisco, where many agents write all lines of business, there could be no limit placed which would exclude those writing other lines.

Tim Train, 18-year-old student at Galileo High School, San Francisco, was judged winner in the national letter writing contest. Winners of the 10 prizes are to be guests at a luncheon June 12.

Wisconsin Association to Meet in Madison June 17

MADISON, WIS., June 3.—Officers and directors of the Wisconsin State Association of Life Underwriters met to make plans for the annual meeting here June 17. The business meeting and election of officers will be held in the morning. G. A. Boissard, president National Guardian Life, will be the luncheon speaker. A sales congress will be held in the afternoon, with several prominent speakers. A special program at a local golf club is being arranged for ladies. Earl Wheeler, Mutual Benefit Life, is chairman of the program committee.

Officers of the state association,

elected in March to serve until July 1, who will be renominated, are: E. G. MacDonald, Equitable, Sheboygan, president; R. L. Hesse, Lincoln National, Madison, first vice-president; E. B. Matteson, Metropolitan, Green Bay, second vice-president; J. H. Patterson, New England Mutual, Milwaukee, secretary, and A. A. Moser, Aetna Life, Milwaukee, treasurer. The Wisconsin association is composed of local units in Milwaukee, Madison, Green Bay, Sheboygan and Appleton.

Ohio Association Meeting

Fred Zweifel Is Reelected President; to Have Homer Trantham as Executive Secretary

OFFICERS ELECTED

President—Fred Zweifel, Toledo (reelected).

Vice-Presidents—J. S. Drewry, Cincinnati; J. W. Ray, Columbus; R. E. Kennedy, Akron; E. V. Leach, Portsmouth; H. G. Johnson, Cleveland.

Secretary-treasurer—J. B. Davis.

Executive Secretary—Homer Trantham.

With election of Homer Trantham of Columbus as executive secretary of the Ohio Association of Life Underwriters, at the annual meeting in Columbus, the organization will have constantly on duty in Columbus one well versed in insurance and insurance law and legislation. Mr. Trantham is now executive secretary of the Insurance Federation of Ohio and he can handle the work of both organizations with advantage to each.

The association will continue to have a regular secretary who will be named by the president. C. V. Anderson of Cincinnati gave a report of legislative activities during the recent session of the general assembly. After the special session is over he intends to send out a written report but he thought it advisable to defer such a report in order that any action taken in regard to insurance or tax matters at the special session might be included. The association gave its support to the insurance exhibit to be held in connection with the Great Lakes Exposition in Cleveland. There are 20 local associations now affiliated with the Ohio body. Associations in four large cities of the state are said to have lost interest but an effort is to be made to bring them into line.

President Fred Zweifel of Toledo was re-elected president together with these other officers: Vice-presidents, J. S. Drewry, Cincinnati; Joseph W. Ray, Columbus; Raymond E. Kennedy, Akron; Edward V. Leach, Portsmouth, and Harold G. Johnson, Cleveland. J. Boyd Davis of Columbus has been secretary-treasurer.

Mr. Zweifel will represent the association in the Denver convention and Ray Hodges of Cincinnati, past president, has been indorsed for a member of the executive committee of the National organization.

Alexander Thompson of Hamilton, president Ohio Chamber of Commerce, spoke.

Raymond Elected President

C. G. Raymond, Tacoma, was elected president of the Washington State Association of Life Underwriters at a meeting in Seattle. Mr. Raymond is a past president of the Tacoma Association of Life Underwriters, and district manager for the National Life of Vermont.

association of Life Underwriters at a meeting in Seattle. Mr. Raymond is a past president of the Tacoma Association of Life Underwriters, and district manager for the National Life of Vermont.

Nashville, Tenn.—E. O. Heughan, Prudential, is elected president; J. Roger Hull, Mutual Life of New York, vice-president; J. B. Leeth, Great Southern Life, treasurer; Miss Nellie J. Roche, Massachusetts Mutual, secretary. Directors, U. M. Williams, Life & Casualty, Morley Ellis, Phoenix Mutual, R. H. Worke, Penn Mutual, and Frank Shearon, Metropolitan Life.

Southern Maine—At the annual meeting in Portland, officers elected were: President, L. W. Smith; vice-president, C. J. Watts; secretary-treasurer, L. B. Farrar; state committeeman, F. C. Rozelle; national committeeman, Boyce Thomas; directors, E. W. Sawyer, Henry Dubuc and P. T. Hammond. It was voted to hold monthly meetings during the coming year with speakers.

Los Angeles—In the Life Insurance Week essay contest sponsored at the University of Southern California and University of California at Los Angeles, checks for \$35 and \$20 were given to Pauline T. McCarthy and Gertrude H. Lingren, respectively, of the Trojan Campus, and to S. D. Ruchamkin and George Drabble at Westwood. Presentations were made by President Phinehas Prouty, Jr., and H. G. Saul, essay contest chairman.

Southeast Missouri—New officers are O. F. Reed, president; B. R. Schwegler, vice-president; R. A. Brooks, secretary-treasurer, and Arnold Roth and Allen Hehrheim, executive committeeman. Mr. Roth discussed business insurance and the cleanup fund. This fund, he said, should be payable to the assured's estate instead of the named beneficiary. Daily advertising in the three Cape Girardeau newspapers during Life Insurance Week was participated in by 36 life men.

Jacksonville, Fla.—R. R. Milam, prominent business man, pointed out the Florida law provides insurance payments go to the family and can not be taken for debts of the estate. "This law," he said, "was not drafted by insurance attorneys but was passed by laymen and represents the feelings of the laymen."

CHICAGO

NOVEL CONTEST IDEA USED

Agents under E. E. Besser, general agent Lincoln National at Chicago, have been entered in a "Father Divine" contest. At the beginning, each agent was represented by a figure in a red suit, located in an area called "Hades." As the men secured applications, they were moved up the golden stairs, becoming "angels" en route and changing the red suits for white gowns and wings. Continued production sends them through the "Pearly Gates" where they assume thrones. Winner of the contest will occupy the largest throne, and become Father Divine, while the others who attain Heaven become his angels. Positions in Heaven also earn cash awards.

The entire contest is depicted on a large, highly colored card, mounted on the agency bulletin board, prepared by Mr. Besser.

POLOIST ENTERS INSURANCE

Capt. L. R. Ireland, an army man and prominent poloist, has joined the H. G. Swanson agency of New England Mutual in Chicago. He is captain of the polo team of the 124th field artillery that is champion of the metropolitan, western circuit and national Sherman memorial division.

MADE PRODUCTION MANAGER

George L. Grimm, supervisor in the Hobart & Oates agency of the Northwestern Mutual in Chicago, has been made production manager. John L. Nelson, educational director, will devote now almost all his time in the field.

Outstanding
by any
STANDARD
of
COMPARISON

70TH
Anniversary Year
1867 - 1937

EQUITABLE LIFE
INSURANCE COMPANY
OF IOWA

Strong Progressive

Are You Willing to WORK for a Company Which Is Willing to WORK with You?

NORTH AMERICAN LIFE INSURANCE COMPANY
OF CHICAGO.

E. S. ASHBROOK
President

JOHN H. McNAMARA
Founder

PAUL McNAMARA
Vice-President

NORTH AMERICAN BUILDING, CHICAGO, ILLINOIS

OPPORTUNITY!

We OFFER DESIRABLE CONTRACTS,
in DESIRABLE TERRITORY, with
HOME OFFICE SUPERVISION!

For information write to:

George Washington Life Insurance Company
Charleston, West Virginia



LIFE AGENCY CHANGES

Joining the Standard Life

E. E. Smith and J. J. Davis Become Home Office General Agents at the Indianapolis Headquarters

Harry G. Leslie, president of the Standard Life of Indianapolis, announces that E. E. Smith and J. J. Davis have been appointed home office general agents with offices in the Guaranty building. The Smith-Davis agency will cover central Indiana. Mr. Smith has been in life insurance for 20 years. He was formerly associated with the northern Indiana agency of the Equitable Life of Iowa. Later he went to Cleveland but returned to Indianapolis for the Equitable of Iowa. He was the leader in that agency for six years. He is a director of the Indianapolis Association of Life Underwriters.

Mr. Davis for a number of years was the leading agent in Indiana for the Bankers Life of Iowa. Later he was appointed Colorado general agent, serving for two and a half years. He returned to Indiana as an agent and later was connected with the Columbus Mutual Life. More recently he has been executive field supervisor for the Alliance Life of Peoria.

Manufacturers Life Appointments

The Manufacturers Life has promoted Wallace McMillan from assistant to manager of the 320 Bay street, Toronto, office, succeeding D. E. Grant, who has been appointed consulting manager of branch offices in Toronto. Mr. McMillan's branch will be known as Toronto "M" branch; the Toronto uptown branch under Manager H. K. Hamilton will be moved to the same address and will be known as Toronto "H"; the branch under S. H. Crawford will be known as Toronto "C" and will continue in its quarters at 25 King West until the end of this year; a central collection office

to handle premiums and records of the three offices, has been established at 320 Bay street, under H. C. Rolls, branch secretary.

Buffalo Supervisory Appointment

The State Mutual Life has appointed John G. Castle as supervisor for General Agent F. A. G. Merrill, head of the Buffalo office. Mr. Castle's work will combine training and personal production. He has lived in Buffalo 14 years, and entered life insurance in 1932, when he began a three-year period in personal production with the New England Mutual, leaving in 1935 to become district manager for the Equitable of Iowa.

The Buffalo office now will divide its supervisory duties between Mr. Castle and E. H. Hannel, who has been a member of the office since early in 1920 and for many years has handled the entire supervisory work.

J. D. Evans Appointed

J. D. Evans, formerly district agent of the Union Central in Lincoln, Neb., and adjacent territory, has been appointed general agent by the Mutual Trust Life, in charge of the so-called South Platte territory. He is establishing a new office, the company never having been represented before in Lincoln. Mr. Evans has had 15 years' life insurance experience, most of the time with the Union Central.

Farley Named in Lincoln, Neb.

G. M. Farley becomes district agent for the John Hancock at Lincoln, Neb., succeeding W. I. Black, who was named general agent for Nebraska with headquarters at Omaha.

Bankers National Appointment

The Bankers National Life has appointed E. T. Oldt and Theodore Whitesell, 610 Drake building, Easton, Pa., as general agents. Mr. Oldt gained his

insurance experience with the Equitable Life, while Mr. Whitesell was with the Connecticut Mutual.

John W. Dalzell Appointed

John W. Dalzell, who has resigned as Cincinnati general agent National Life of Vermont, has been appointed manager of the Guardian Life there, succeeding B. C. Thurman, who went with the home office of the Mutual Benefit Life in its agency department. Mr. Dalzell entered the business in Cincinnati as an agent some years ago after graduating from the University of Cincinnati and then took a post graduate

course at Columbia. He became assistant general agent and then general agent for the National Life of Vermont. He had been four years in that position. He has served as president of the Cincinnati Life Underwriters Association and is its present state committeeman for the Ohio State Life Underwriters Association.

Midland National Appointment

SEATTLE, June 3.—William Forsyth, well known business man, has been appointed western Washington general agent for the Midland National Life of Watertown, S. D. The appointment was

**"Knock--
Knock"**



Opportunity Is Knocking!

**It Is Pounding On the Doors of
Men Who Are Willing to Pay
the Price of Success**

Bankers National Life Insurance Company, a recommended Company, offers the opportunity of a lifetime to good men who want to be successful general agents.

Big success carries a corresponding price tag. The price is work, initiative, vision, perseverance.

If you feel there is no further opportunity for growth in your present connection, if you have a record of \$100,000 of paid-for personal production in 1936; if you have family responsibilities and a residence in either Pennsylvania, New Jersey, Rhode Island, Maryland or Delaware, you are one of the men we want to talk to at once.

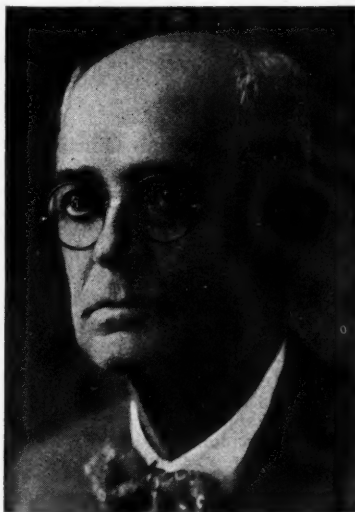
Address

William J. Sieger

Vice President and Superintendent of Agencies

Bankers National Life Insurance Company
Montclair, New Jersey

Make Change in Kentucky



E. N. CALDWELL

E. N. Caldwell has resigned as general agent of the Northwestern Mutual Life in south-central Kentucky with headquarters at Glasgow, effective June 30. W. H. Honeycutt is appointed as his successor July 1.

Mr. Honeycutt has been with the Northwestern Mutual since 1922 and with the Glasgow agency since 1925, as cashier, agent and production manager. For several years he was its leading personal producer although he has devoted only a small portion of his time to soliciting new business. In recent



W. H. HONEYCUTT

years, due to ill health of Mr. Caldwell, Mr. Honeycutt has assumed more and more the responsibilities of agency management.

Mr. Caldwell, now 78, became an agent of the Northwestern Mutual in 1901. He was appointed general agent in 1912.

As a tribute to Mr. Caldwell members of his agency pushed their production in March and April to a point which brought it to second place among the company's 84 general agencies up to May.

OUR LEADERS

1. Low Cost Preferred Risk
Ordinary Life—Family Income—Adjustment
2. Retirement Income Endowments
Income @ 55, 60, 65 or 70
3. Juvenile Education Endowments
4. Attractive General Agent's Contract



Philadelphia Life Insurance Company

111 North Broad Street
Philadelphia, Pa.

made by H. E. Moen, supervisor of agencies.

T. D. Osdel Resigns

T. D. Osdel of Kansas City, Mo., general agent of the Yeoman Mutual Life, has resigned. He has been with the company for some time.

MacDonald to Detroit

D. C. MacDonald, formerly manager of Toronto ordinary agency of the Prudential, has been appointed assistant manager of the Detroit ordinary office in charge of brokerage.

Droege to Old Line Life

The Old Line Life of America, Milwaukee, has appointed W. L. Droege general agent in Minneapolis. He was formerly assistant manager of the Travelers and with that company for many years.

Union Mutual at Syracuse

The Union Mutual Life of Maine announces the appointment of W. A. Pomfrey as manager of the Syracuse, N. Y., agency to succeed the late G. O. Williamson. He has been 20 years in the insurance business.

Life Agency Notes

C. R. Griswold, who has been in the state auditor's office in Columbus, has become district agent of the Lincoln National at Hillsboro, O.

F. E. Jeffers, Chillicothe, O., formerly a teacher in the Frankfort high school, has become Ross county manager for the New York Life.

"I'M NOT RICH..."



● "Maybe I'll travel... maybe I'll just take life easy. In any event, when sixty candles turn up on my birthday cake, I'll say good-bye to work and money worries for the rest of my life! I'll be independent — with a guaranteed income of \$100 a month every month. No, I'm not rich. Almost any man can do the same thing." ... Yes, you can retire at 55, 60 or 65 — simply by making modest deposits under our Endowment Annuity Plan.

Then at the age you select, your deposits cease and we send you a check every month as long as you live — a regular income assuring you the full enjoyment of your leisure years. Meantime, your family is protected; for in the event of your death — to your retirement date, the savings is paid to —

Above reproduction is one of a series of Tollica's newspaper advertisements.

A WORKABLE PLAN

Our program of General Agency building includes a proven plan of training both for General Agent and personal producer. ... And a method of compensation entirely different from the old cut and dried plans.

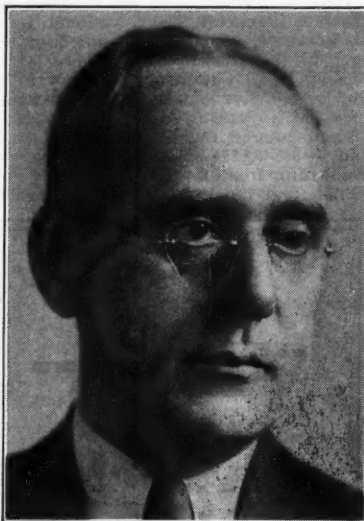
If you are interested in this Workable Plan for building a General Agency, we have openings at LANSING, MICHIGAN PEORIA, ILLINOIS Write for particulars.

The OLD LINE LIFE

Insurance Company of America

MILWAUKEE, WISCONSIN
LIFE ACCIDENT HEALTH

W. Scott Smith Rejoins Hughes Agency, St. Louis



W. SCOTT SMITH

E. W. Hughes, St. Louis, general agent Massachusetts Mutual Life, announces that W. Scott Smith has rejoined his agency as a personal producer. For more than 10 years prior to his resignation some months ago to become general agent of the Pacific Mutual Life, Mr. Smith was one of the agency's personal producers.

During the year just prior to leaving for his connection with the other company, Mr. Smith had an enviable record as a personal producer for the St. Louis agency. He was elected president of the

Agents Association of the Massachusetts Mutual Life.

He has long been active in the association affairs and has appeared as a speaker on numerous life insurance convention programs and also at sales congresses. He is a past vice-president of the Life Underwriters Association of Missouri.

SALES MEETS

Women More Effective in Selling Feminine Prospects

"Women are far more effective salesmen to women than men are," Alexander E. Patterson, vice-president of the Penn Mutual Life, told a meeting of the James E. Rutherford agency in Des Moines.

Mr. Patterson said one of the outstanding developments during the last 10 years has been the growth of insurance on the lives of women—wage earners, wives and women of means. He attributed the increase chiefly to the employment of women salesmen by the companies. "Women understand women's problems and ways of thinking, and have better access to women prospects," he said. Other home office officials present for the meeting were E. Paul Huttering, agency secretary, and G. D. Davis, manager of field research.

N. Y. Life Wisconsin Meeting

More than 100 agents of the New York Life's Wisconsin branch attended the spring meeting in Milwaukee in charge of U. D. Ward, agency director. Guest speakers included David Douglas and Raymond Moore, home office agency service bureau, and R. E. Peters, inspector of agencies northwest department. C. J. Coleman, Milwaukee, was awarded membership in the Double Century League for completing 200 weeks of continuous production.

Meet at Clear Lake, Ia.

The Iowa-South Dakota agency of the New England Mutual Life held an outing meeting at Clear Lake, Ia. Chief speaker was Glover Hastings of Boston, superintendent of agencies.

Two Agencies Join in Rally

Principal speakers at a joint meeting of the Waterloo and Davenport, Ia., agencies of the Penn Mutual Life held in Waterloo, included A. E. Patterson,

vice-president in charge of agencies, and Gordon Hardwick, vice-president and comptroller. A. E. Rumsey, Waterloo manager, presided. Karl Madden, Davenport general agent, headed the Davenport delegation.

School for New Men

The Bankers Life of Iowa held a week advanced sales training school in Des Moines for 21 men who have had less than a year's experience. They qualified for the school by writing an average of \$63,000 of new life insurance over a period of three months.

Ben Williams, assistant superintendent of agencies, and G. A. Harper, member of the sales training department, conducted the school.

Meetings Honor Mecherle

The State Farm companies of Bloomington, Ill., are holding a series of "birthday celebration meetings" of agents in honor of the birthday of President G. J. Mecherle.

At Berkeley, Cal., some 3,000, including agents and members of their families, were in attendance. This meeting was for the agents of 11 Pacific coast states.

On June 7, Mr. Mecherle's birthday, there will be a meeting of agents in 11 states of the middle west, which is expected to attract about 4,000.

A meeting will be held at Knoxville, Tenn., June 11 for 15 states. About 3,000 will be on hand.

Famous Illinois Code Ready for Governor's Signature

(CONTINUED FROM PAGE 1)

The life companies, for the most part, worked amicably with Insurance Director Palmer in patching the code. They never sought to cause defeat of the bill, but rather endeavored to have it corrected to their liking in many respects. There are a few features in the bill that passed that they do not relish, but they have no bitterness. As a matter of fact the life company and agency organizations had not been following the progress of the bill intensely for the last several weeks.

Passage of the code should be worth several weeks in the recuperation of Mr. Palmer, who is in the hospital following an operation for removal of appendix, that developed complications. He has lived with the code for the last several years and its passage is a triumph for him.

Newark Is Club Official

An item erroneously stated that Myron Hawkins was executive vice-president of the Columbus Mutual Life Club of Michigan. E. A. Newark occupies that position.

Bid for Lentz Monument

First mortgage bondholders bid \$1,650,000 for the American Insurance Union Citadel, towering 555 feet at Columbus, O., Tuesday at an auction to satisfy a \$3,800,000 mortgage. Federal court must approve the purchase.

This skyscraper, Columbus' largest office building, was built with the savings of the fraternal, American Insurance Union, the legal reserve part of which was taken over some time ago by the Cooperative Life of Columbus, and cost \$7,000,000. It was to be erected as a monument to John J. Lentz, the head of the A. I. U. Now Lentz and his insurance fraternal order both are dead.

Even after it was known that the A. I. U. could not survive as a fraternal organization premiums coming into the treasury were paid out to lower the indebtedness on this building and this at a time when there were many outstanding claims remaining unpaid.

Seldom have the egotism and ambition of an insurance management led to more disastrous results.

"What Shall I Do To Become a Successful General Agent?"

The fact that John Smith made a fortune as a General Agent lures many personal producers to make the attempt.

"Many are called but few are chosen" because they do not have proper guidance by men who have built General Agencies, and proper information as to the correct methods which made money for John Smith.

Building a General Agency is like building a home. Haphazard plans will not work. Investigate our General Agency Plan. Address inquiries to O. R. McAtee, Director of Agencies.

REPUBLIC NATIONAL LIFE INSURANCE COMPANY

"Registered Policy Protection"

Home Office:
Dallas, Texas

THEO. P. BEASLEY
President and General Manager

"Sweetest Income in America"

THAT'S what a "big time" life underwriter said of the side commissions obtainable from selling income protection.

Increasing Life writings at the same time you sell income protection depends on a plan.

Our book "The Sweetest Income in America," outlines this plan now in successful operation in a number of Inter-Ocean Agencies.

If you are interested in an H & A connection with us, write for this booklet.

Inter-Ocean Casualty Co.
12th Floor American Bldg.
Cincinnati, Ohio

LEGAL RESERVE FRATERNALS

Modern Woodmen to Meet

Quadrennial Head Camp Will Be Held in Chicago June 8; Secretaries, Managers Also Convene

The quadrennial head camp of the Modern Woodmen of America will convene June 8 in the Stevens Hotel, Chicago. The session will continue for the rest of the week.

Officers, committeemen and delegates representing membership in the United States and four Canadian provinces will attend. The head camp, legislative and governing body will outline policies and enact by-laws. National officers will also be elected.

More than \$545,000,000 have been paid to beneficiaries and cash benefits to living members, exclusive of relief funds, total in excess of \$25,000,000. The annual financial statement shows assets of \$69,000,000, gain of over \$9,000,000 for 1936.

Present officers are A. R. Talbot, Lincoln, Neb., national president; J. G. Ray, Rock Island, Ill., national secretary; O. E. Aleshire, Chicago, national treasurer, and the board composed of George Hatzenbuehler, Bloomington, Ill., chairman; F. R. Korn, Des Moines; E. J. Bullard, Detroit; F. M. McDavid, Springfield, Mo.; W. W. Gordon, Kansas City, Kan., and Henry F. Turner, Paducah, Ky.

The session of National Camp Secretaries Association also will be held. This is a voluntary organization of recording and financial officers of the units. The program will open Wednesday evening with a dinner in the Stevens Hotel, and will be attended by all secretaries registered for the convention, together with officers, committeemen, delegates and

guests. The association is headed by R. H. George, Lincoln, Neb., president; G. H. Davis, Minneapolis, secretary; J. M. Mercer, Burlington, Ia., treasurer, and an executive committee of 12.

The State Managers Association, composed of men who direct field work, will meet. State Manager W. H. Carson, Lincoln, Neb., is president.

Not Liable for Texas Tax

Attorney-General McCraw of Texas has ruled that the fraternal are not liable for any occupation tax this year. The amendment, exempting fraternal from such tax, went into effect March 1 of this year and the attorney-general holds that therefore they are not liable for such taxes during January and February.

Lutheran Aid Group to Meet

APPLETON, WIS., June 3.—Plans for the annual state convention of the Wisconsin federation, Aid Association for Lutherans, have been announced by A. H. Poepp, district counselor, to be held here June 19. About 1,500 are expected to attend. O. C. Rentner, Chicago, general counsel, will be the principal banquet speaker.

Wisconsin Unit Meets

The annual state convention of the Wisconsin unit of the United Commercial Travelers is being held at Superior this week, with the auxiliary also meeting. Roy Ackley, Chippewa Falls, is slated to become grand counselor of the Wisconsin body, succeeding D. R. Blenis, Madison.

The banquet is planned Friday night with H. C. Smith, supreme page, the principal speaker. Clarence Remington, Superior, will be toastmaster.

Pass Juvenile Measure

The Florida senate has passed a bill allowing fraternal associations to pay child benefits.

New Industrial Policy Is a More Liberal Contract

(CONTINUED FROM PAGE 4)

appear prudent to decrease existing margins to any great extent. The modified plan which is being followed makes it possible to provide considerably larger death and maturity benefits, but at the same time level margins will remain available, in case of emergency. For example, at age 35 a 5-cent premium formerly provided \$66 of life paid up at 70 insurance while \$77 is provided under the new modified plan.

Under the new plan the average rate of increase of insurance over the business as a whole is approximately 14 percent. The new plan reduces the cost at the outset to all policyholders by giving them larger amounts of protection immediately upon the issuance of the policy but at the same time the flexibility of the plan makes it possible to adjust it to future changes in earnings.

A comparison of the initial cost of industrial and ordinary policies of five large mutual companies and three non-participating companies are given below. The cost of the waiver disability benefit has been included in the ordinary premium as a rough offset to the disability provision of the industrial policy. The comparison indicates that the difference in initial costs has been brought

You're In the Money—when you sell accident and health. Read The Accident & Health Review for sales pointers. Sample 10 cents. Address A-1946 Insurance Exchange, Chicago.

within satisfactory limits, said Mr. Kineke.

Initial Annual Premium per \$1,000 of Insurance

Age	20-Payment Life		Ord. (12 Mo. Prems.)
	Industrial (52 Weekly Prems. at Initial Rate)	Ord. Part. (12 Mo. Prems.)	
10	\$23.92	\$28.08	\$22.08
20	31.20	32.16	25.80
30	38.48	37.92	30.96
40	48.88	47.28	39.12
50	66.56	63.36	53.16

Age	20-Year Endowment		Ord. (12 Mo. Prems.)
	Industrial (52 Weekly Prems. at Initial Rate)	Ord. Part. (12 Mo. Prems.)	
10	\$49.92	\$51.24	\$46.56
20	53.04	52.44	47.16
30	55.12	54.48	47.88
40	60.32	58.80	51.00
50	71.76	69.84	59.52

The new industrial policy form and the increased benefits per initial premium unit place in the hands of agents a more attractive selling proposition, said Mr. Kineke. It is entirely possible that premium income will be increased and a substantially larger amount of

insurance secured. Although the plan does not represent the ultimate achievement in furnishing of wage earners' insurance at low cost, it is hoped that real benefits to the policyholders will accrue under the new plan.

L. P. Finn Cited by Company

L. P. Finn of the Lustgarten agency, Chicago, Equitable Life of New York, is cited in his company's house organ as one of the most active producers in the Middle West. He led Chicago agencies during 1936 with 134 paid cases totaling \$583,000 insurance and during the first four months of 1937 has paid for 77 cases totaling \$168,816. In the central department's recent "Far for Parkinson" campaign he ranked fourth, with 46 applications, over twice those he produced last year during this campaign.

Mitchell Jones, 51, assistant superintendent Prudential, Marion, Ind., and with that office 28 years, died there.

The A. O. U. W. of North Dakota

Writes
All Forms of Modern Life Insurance Contracts

ORDINARY LIFE
LIMITED PAY
ENDOWMENTS
FAMILY INCOME
JUNIOR INSURANCE
DOUBLE INDEMNITY

Non-cancellable Sickness and Accident Insurance.
Operating on a Legal Reserve Basis

Home Office - Fargo, North Dakota

BRADLEY C. MARKS
Grand Master Workman

E. J. MOORE
Grand Recorder

The Record Tells the Story

No Reduction in Dividends
During the Depression

A SPECIAL DIVIDEND TO MEMBERS
After the Depression

A Good Organization to Line Up With

Lutheran Mutual Aid Society

Waverly, Iowa

Legal Reserve Life Insurance

OUR 40th YEAR

January, 1937, We Issued Three New Junior Policies:—Ordinary Life, Endowment at Age 65 and Educational Endowment at Age 18. We have A Complete Line of Adult Policies—American Experience Table of Mortality—3% Interest Basis. Maybe You Will Fit Into Our Organization As A Field Representative.

Write to

Equitable Reserve Association

NORTON J. WILLIAMS, Vice President
Neenah, Wisconsin

NEW YORK

MARKS 35TH YEAR

Max Siegel, Brooklyn, will commemorate his 35th anniversary with the Metropolitan Life at a testimonial dinner in the Hotel St. George, Brooklyn. He is manager of the Borough Hall office. Those to attend are: R. Lawrence, superintendent of agencies; G. W. Robinson, Alfred Hutchings and C. F. Hayes, supervisors; Ernest Behnke, executive clerk; Bernard Chess, manager Greenpoint District; Samuel Chess, manager Bath Beach District and Emanuel Blumstein, manager of the Williamsburgh district.

BOOKSTAVEN AGENCY INCREASE

The Bookstaver agency of the Travelers in New York City reports 48 percent increase in new paid business for May. For five months a 50 percent increase is reported.

MYRICK AGENCY AHEAD

The paid for business of the J. S. Myrick office of the Mutual Life of

New York in New York City was \$2,115,558 as against \$1,820,754 for May, 1936. For the year to date the total was \$12,092,666 as against \$9,516,203.

M. A. Link Oregon Manager

Frank L. Emery of Portland, Ore., has resigned as agency manager of the Bankers Life of Iowa but will continue in personal production. He is succeeded by M. A. Link, a member of the Seattle agency for several years. Mr. Emery went to the Bankers Life in May, 1916, as an agent. On June 29, 1917, he left his home in Davenport for Portland to take charge of the agency there.

Salary Allotment Contest

During June and July agents of the Occidental Life of California will engage in a salary allotment contest. The first prize is a trip to the Los Conquistadores Club Convention at Troutdale in the Pines, Col., Aug. 31-Sept. 1-2.

Ray Hodges, home office branch manager of the Ohio National, Cincinnati, has qualified for his company's Florida fishing trip and the Builders Club Mackinac convention through his May paid business of \$200,000. Mr. Hodges was the first to qualify.

ACTUARIES

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COATES & HERFURTH
CONSULTING ACTUARIES
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SAN FRANCISCO LOS ANGELES

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Consulting Actuaries
FRANK J. HAIGHT, President
Indianapolis, Omaha, Kansas City

ILLINOIS

HARLEY N. BRUCE

Actuary and Insurance Consultant
Peoria, Illinois

DONALD F. CAMPBELL

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FRANK M. SPEAKMAN

CONSULTING ACTUARY
Associates
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E. P. Higgins
THE BOURSE PHILADELPHIA

NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

Canada Life's New Dividends

Scale Is Increased from 8 to 30 Percent
Dependent on Age, Effective July 1

The Canada Life has authorized an increase in dividend scales, effective July 1. The new scales will apply for a full year from July 1 and not for only six months, as has been the practice for a few years.

For policies issued at the rate adopted May, 1934, and for ages 35 and under, the increase will be from 8 percent to 10 percent, while at the older ages the increases will be higher. For example, at age 55, the increase will vary from 25 percent to 30 percent, depending on the plan.

Scale on Older Forms

For annual dividend policies issued at the premium rates in effect prior to May, 1934, the increases will be approximately 9 percent at the younger ages and early durations on the ordinary life plan. For the older ages, longer durations and for other plans, the increases will be less than 9 percent.

Special dividends for annual dividend policies completing a five-year period will be more than doubled, since they will be 50 percent of the regular dividend at the end of a five-year period, whereas formerly they were 25 percent of such dividend, which was on a lower basis.

There will be no change in the interest on dividends and proceeds of poli-

cies left on deposit with the company, the rate remaining at 3½ percent. Illustrative dividends per thousand on issues since 1934 are:

Age at Issue	Ordinary Life			
	Dividends End Year		End Year	
	2	3	4	5
20.....	\$5.33	\$1.14	\$5.30	\$1.16
25.....	4.75	1.15	4.70	1.17
30.....	4.19	1.16	4.18	1.19
35.....	3.66	1.17	3.68	1.21
40.....	3.28	1.21	3.29	1.25
45.....	3.01	1.28	3.05	1.33
50.....	2.80	1.36	2.85	1.42
55.....	2.69	1.48	2.76	1.55

Age at Issue	20 Payment Life			
	2	3	4	5
20.....	\$5.48	\$1.17	\$5.52	\$1.21
25.....	4.87	1.18	4.91	1.22
30.....	4.29	1.19	4.35	1.24
35.....	3.82	1.22	3.86	1.27
40.....	3.47	1.28	3.53	1.34
45.....	3.16	1.34	3.23	1.41
50.....	2.92	1.42	3.01	1.50
55.....	2.80	1.54	2.88	1.62
60.....	2.74	1.68	2.83	1.77

Age at Issue	20 Year Endowment			
	2	3	4	5
20.....	\$2.56	\$1.31	\$2.64	\$1.40
25.....	2.56	1.31	2.64	1.40
30.....	2.55	1.31	2.63	1.40
35.....	2.54	1.32	2.62	1.41
40.....	2.55	1.35	2.63	1.44
45.....	2.57	1.40	2.65	1.49
50.....	2.58	1.46	2.67	1.56
55.....	2.59	1.55	2.69	1.65
60.....	2.66	1.70	2.76	1.80

Age at Issue	30 Year Endowment			
	2	3	4	5
20.....	\$3.27	\$1.20	\$3.30	\$1.25
25.....	3.23	1.20	3.26	1.25
30.....	3.16	1.20	3.19	1.25
35.....	3.06	1.21	3.09	1.26
40.....	2.98	1.25	3.01	1.30
45.....	2.84	1.29	2.89	1.35

Union Mutual Continues Scale

Union Mutual Life of Portland, Me., announces that its present dividend schedule will be continued for the period from July 1 to June 30, 1938. It will continue to pay 3½ percent interest on funds left to accumulate for that period.

Kentucky Home Agents Meet

More than 100 agents of the Kentucky Home Mutual Life are in attendance at its convention in Louisville. L. C. Cortright, vice-president and actuary, presided and submitted an informal financial statement. Ellsworth Regensten, president, spoke on "Our Company, Its Present and Future." Speakers at the banquet Tuesday night included W. B. Harrison, the first president of the company, and Judge C. I. Dawson, director and general counsel.

Canada Life Quarter Million Meet

The members of the Canada Life major production club, the Quarter Million Club, met at White Sulphur Springs for a three-day convention. Addresses were made by head office officials and prominent field men.

Sam Cummings Formally Presented for President

A resolution formally presenting the name of O. Sam Cummings, Texas general agent of the Kansas City Life and vice-president of the National Association of Life Underwriters, as a candidate for president at the Denver convention has been adopted jointly by the Dallas Association of Life Underwriters and the Life Insurance General Agents and Managers Association of Dallas.

The resolution, which was forwarded to P. B. Hobbs of Chicago, chairman of the nominating committee, reviews Mr. Cummings' outstanding service to the National association since 1930 as an officer, trustee and chairman of various important committees.



JOHN E. GIBBS

John E. Gibbs, New Jersey general agent of the Penn Mutual Life, died in Newark from a heart attack. He had not been in good health for the past year, but his condition was not considered serious. For ten years he was with the Massachusetts Mutual Life in New York City and later went to the home office of the Penn Mutual as regional superintendent of agencies. He went to Newark in 1933.

He was a graduate of Wesleyan University in 1923 and studied medicine at New York University, but gave up his studies to enter life insurance. He was secretary of the Life Underwriters Association of Northern New Jersey at the time of his death.

SALES IDEAS AND SUGGESTIONS

Successful Income Talk Is Based on "Detour" Hazards

An experienced agent has had success with the income talk given below.

"Do you want to sit on a park bench when you are 60? If you have \$100 a month to spend at that time you won't have to worry about what is going to happen to you and you can enjoy the many things you have always looked forward to doing some future day, when you have leisure.

"Do you know how much you will need to invest at 4 percent to provide that \$100? Well, it takes about \$30,000. You are about 30 years old now and if you want to save that so you can have the \$100 a month when you are 60, do you know how much you will have to lay aside each year? It will take \$1,000 a year savings to do it.

Investment Plan Demands Never Missing Instalments

"It will be swell if you can lay aside the \$1,000, but many things can happen in the next 30 years to wreck your plans. If you lay aside the \$1,000 you will have to put it there every year. You can't miss a single year. But there is another plan to bring the total needed at the right time. That is, you can lay aside \$650 a year and invest it at 4 percent compound interest. You can't spend a cent out of that though. And, you can't afford to lose a cent. If you fail you won't have the \$100 a month when you are 60 years old. Let me show you how this works out." [He draws a diagram consisting of a straight line slanting upward from left (age 30) to right (age 60).]

"If you lay aside the \$1,000 a year or \$650 something like this may happen. You go along to age 40. That money laid aside must be invested in something, then the bottom will drop out and you find that instead of up here you are down here. That's the hazard of investment and you have to start over again. To get back up to the right place you have to lay aside at least \$1,500 for the next few years."

[He indicates the investment hazard by a "detour" on his diagram consisting of a curve that drops down from the straight line and later returns to intersect it.]

"Well, you will get up to about here and go along for awhile and maybe you will hit the other hazard. That is disability and sickness. These days you can never tell when a man's heart is going back on him, or maybe he will have a nervous breakdown that will put him in the hospital for a rest of six months. That drops you back to here." [He draws a similar "detour" indicating this hazard.]

"Then you have to put in \$2,000 for the next ten years to get up the right amount so you will have the necessary \$100 a month at age 60. So you put up the \$2,000 and maybe in about five years you die. Of course, then you don't have to worry about retiring but those are the three hazards that your whole plan will face. That is, the hazard of investment, the hazard of disability (accident and sickness), and hazard of death.

"Let me show you how I worked this out for myself and I think it will fit into your plans too. There is another plan you can follow to have that \$100 a month at age 60 though. By laying aside \$275 a year you can forget everything else. That is a lot less than \$1,000

a year. Moreover you don't have to worry about the hazard of investment because the insurance company with thousands and thousands of dollars assets will take care of your money so that you don't have to worry about the hazards of investment or compound interest or anything else. It will also take care of the other hazard of sickness and disability. All you have to do is put aside \$275 a year, which is a lot less to save and to lay aside than \$1,000. Better still, if you die before you have completed your 30 year plan, it won't make any difference because the company will take care of your wife and dependents.

Individual "RFC" Is Assistance of Relatives

"Do you think you could lay aside that \$275 now so you won't have to belong to the RFC when you are 60? The RFC you know stands for Relatives, Friends and Charity."

If the man says, "Well, I couldn't lay that much aside but I could put half of it aside," then the salesman says, "That is exactly what I want you to do. I want you to put it on the basis that you can carry and continue and then you can stop worrying about what is going to happen to you when you are 60 years old. For, you will have that check coming in every month so that you can spend the last cent of it on the last day of the month and on the first day of the next month, bingo, in comes another check for \$50 or \$100."

Don't Overlook Employees Of the Big Prospect

Frequent complaints of those outside the life business are that salesmen wear themselves out trying to sell the "boss" instead of some of the younger and smaller people in an office. Too many of them prefer to let everything else go in the hope of selling the executive in the hope of making a financial "killing" and developing an important center of influence. These prospects are often impossible for the average agent to sell. They are approached by men from every company and frequently are already do-

ing business with a competent agent who sold them when they were young and were not executives.

An oil company official said that he has four or five producers come to his office each day, wait for him 15 or 20 minutes and spend another 15 or 20 minutes trying to sell him. Yet there are several young men in his office whom he said are rarely if ever approached. These prospects represent undeveloped fields and some day they will be executives. If they are sold now, the agent may have good clients for many years.

Chicagoans Hold Clinic on Common Objections

The young man may offer objections to insurance because all throughout his early life he has been told what to do. H. A. Schmitt, C. L. U., New England Mutual, told the Chicago Life Underwriters Clinic. A little flattery and deference can overcome his attitude of knowing exactly how he can invest best. Insurance is an excellent investment for him, and he can be convinced if his early resistance is overcome tactfully.

When the prospect objects that his money is going into baby bonds, R. W. Frank, State Mutual, says agent should compliment him on having surplus funds and on conservative investment.

However, he should ask him to compare them with insurance as an investment for availability, compulsory saving feature, flexibility of maturity dates, optional settlement, immunity from estate taxes and bankruptcy charges and liquidity. On these points, the prospect can be convinced that insurance is a superior investment for him, Mr. Frank declared.

Most prospects who consider their social security benefits remove their need for insurance can be convinced otherwise, according to B. H. Groves, C. L. U., assistant manager Travelers Life. Mr. Groves pointed out three major hazards in life—premature death, disability and old age. Social security meets only one; insurance takes care of all three.

Most of those who refuse to buy insurance because they fear inflation can be sold, R. T. Shipway, Jr., Phoenix Mutual, told the meeting. The agents can usually convince a prospect that insurance will provide for his old age better than other investments, and that inflation of the type that would affect insurance adversely is extremely unlikely in this country.

Continue 1% for Life Insurance

An effective sales approach in soliciting men earning \$5,000 and up who are eligible for federal old age pensions, can be devised by taking advantage of the method used in making salary deductions for the federal social security tax. Every one is taxed 1 percent of his first \$3,000 earned during the year and the deductions are not pro rated over the year. Every one coming under the act has to pay \$30 tax during the first year if he makes \$3,000 or more. When the \$30 tax has been paid, the deduction stops. In the case of a man making \$15,000 a year or \$1,250 a month, he will have to pay \$12.50 for the first two months and a half. Then he is through paying for the year.

When those in the higher salary brackets have concluded paying their tax, it is an opportune time for the life insurance man to call and urge the person to continue the salary deductions himself and to invest them in life insurance. In case of the \$15,000 a year man, if he would continue the \$12.50 de-

duction he would have \$118.75 available during the balance of the year to pay insurance premiums. Inasmuch as he has become used to going without the deductions, it is easy to keep on saving that amount for the balance of the year.

The following chart shows the monthly tax of the various high bracket salaries and the time for the agent to call after the \$30 tax has been paid. The sum in the last column shows the total amount that will be available for life insurance premiums during the balance of the year. Although the sum available for the \$5,000 a year man is not large, the approach gives the agent a logical reason for calling and talking life insurance and to tie in with the prospect's retirement income plans.

1 Percent—	Yearly	Monthly	Tax per	Time Avail.
Salary	Salary	Month	To Call	Prem.
\$15,000	\$1,250	\$12.50	March 15	\$118.75
12,000	1,000	10.00	April 1	90.00
10,000	833	8.33	May 1	66.64
7,500	625	6.25	June 1	43.75
6,000	500	5.00	July 1	30.00
5,000	417	4.17	Aug. 15	18.76

SALES IDEAS OF THE WEEK

Talk to Young People in Terms of Small Sums

Life insurance men in canvassing young people frequently make the mistake of talking in too big figures. A much more successful plan is to dwell on "how much a ten spot will buy." As an example, telling a person who is 18, 19, 20 or 21 years old that \$120 a year will buy him, say, \$4,000 life insurance, does not make the impression that telling him that \$10 a month will buy him \$6,500 cash when he is 55 or \$40 a month income from then until his death. Most young people are used to thinking in small sums of money.

The producer should tell the young person that by saving \$5 or \$10 a month, he not only goes a long way toward securing a permanent income in his older years, as well as immediate protection in case he dies, but that his investment increases enormously. The producer can tell him that, if he buys the \$4,000 with his \$10 a month while he is young, that amount will increase to \$6,500 when he is 55. There is no other investment which will increase his paid-in capital that much.

* * *

Worth of One's Time

The United Benefit Life of Omaha says:

"As an insurance salesman the only time that is of any value to you is the time you spend in your work, either planning or actual solicitation. Every minute you waste costs you money. The table below will give you an idea as to how much every half hour of wasted time costs you:

Income year	Income month	Income day	Income 30 min.	Val. 30 min. daily per yr.	Capital on which loss of 30 min. per day would pay 5% Int.
\$5,000	\$416.67	\$16.37	\$1.04	\$312.00	\$6,240
4,000	333.33	13.33	.83	249.00	4,980
3,000	250.00	10.00	.63	189.00	3,780
2,000	166.67	6.67	.41	123.00	2,460
1,500	125.00	5.00	.31	93.00	1,860

"If some one employed by you were wasting your time and money you would do something about it, but are you spending a part of your time to a non-productive purpose?"

* * *

Sells Wife's Social Security

An approach that is highly effective has been built around the social security idea by an industrial agent of Chicago in soliciting the ordinary necessary to meet his quota. His debit is in a poor section of the city, but the idea could be transplanted to better neighborhoods and is splendidly adaptable to cold canvass. He knocks at the back door and when the woman of the house answers the dialogue is something like this:

"Has your husband got his social security?"

"Oh yes, he is all fixed up."

"Well, have you got your social security?"

"Well—no, I guess not. I don't know anything about that. What do you mean?"

"This is so important I think we ought to talk it over when your husband is present. Will it be all right if I come around, say, at 8 o'clock tonight?"

"Oh, sure. He'll be home then."

When the agent calls he talks about family security and not the wife's security. The approach is so sure fire that he is far ahead of his ordinary quota.

AGENCY MANAGEMENT

Gives Address in Milwaukee

E. Lloyd Mallon, Agency Assistant
Massachusetts Mutual, Speaks Be-
fore the General Agents Body

Due to unexpected developments in certain business plans it was impossible for C. O. Fischer, vice-president Massachusetts Mutual, to address the meeting of the Milwaukee Managers & General Agents Club, as had previously been announced. Instead, E. L. Mallon, agency assistant, took the assignment and addressed the members on recruiting.

"The man who can help make dreams come true, pointed out by Life Insurance Week advertising," said Mr. Mallon, "must have dreams of his own, and active ambition to make his dreams come true. That is the type we need in

our business. Those who are too old to dream of richer earnings are too old to enter the life insurance sales field as new recruits. It would be far better for them, for you and for the public, for those men to continue on in their present endeavor."

Tells About His Experience

Answering the universal question of where to find the right kind of man for the job of selling life insurance, Mr. Mallon related some of his own experiences in general agency work.

"Life insurance is by no means the only business," said Mr. Mallon, "looking for wide awake young men. In this point, we are in competition with other lines of endeavor. If you want college men, it is necessary to do your prospecting before the boys reach their senior year. College placement officers have their eyes on the undergraduates, and

can give you valuable information and helpful suggestions. In some cases these officers will raise the point that in commercial lines college graduates begin immediately to earn an income, whereas there is a waiting period in the life insurance business. You can perhaps overcome this objection by using the plan of bringing the young men into your office for a brief period."

Mr. Mallon spoke of the need to be recruiting conscious all the time and pointed out the advisability of watching the sales tactics of young men in the stores where you trade with the thought of bringing them into the life insurance business. He said that the Massachusetts Mutual is laying plans to offer direct by mail assistance to its general agents, along recruiting lines. In closing, Mr. Mallon said that there is a wealth of sales ability yet to be developed among agents who are already under contract and that the development of this latent talent may in many cases be even more valuable than the recruiting of new men.

Los Angeles Meeting

At the luncheon-meeting of the Life Insurance Managers Association of Los Angeles B. A. Findlay, Los Angeles Chamber of Commerce, discussed "The Great God Change."

The association staged its annual golf meeting June 1 at Los Angeles Country Club.

C.L.U. NEWS

Announce C. L. U. Quizzes

Examination Will Be Given Throughout
United States June 10-12; Tell
Results in July

The 11th series of C. L. U. examinations will be held in conjunction with management examinations June 10-12. Schedules follow:

Part I C. L. U., June 10, 9 a. m.-1 p. m.; Part II C. L. U., June 10, 2 p. m.-6 p. m.; Part III C. L. U., June 11, 9 a. m.-1 p. m.; Part IV C. L. U. and management (Section A), June 11, 2 p. m.-6 p. m.; Part V C. L. U. and management (Section B), June 12, 9 a. m.-1 p. m. It is customary for the American College to meet wishes of candidates as far as possible in establishment of examination centers. Regional centers are in various parts of the country at accredited colleges and universities. Arrangements have already been made with the following institutions:

Howard College, Birmingham, Ala.; Arizona State Teachers College, Tempe; San Diego State Teachers College, San Diego, Cal.; University of California, San Francisco; University of Southern California, Los Angeles; University of Denver, Denver; Trinity College, Hartford; Yale University, New Haven; George Washington University, Washington; University of Florida, Gainesville; Georgia School of Technology, Atlanta; University of Chicago, Chicago; Indiana University (extension division), Fort Wayne; Indiana University (extension division), Indianapolis.

St. Ambrose College, Davenport, Iowa; Drake University, Des Moines; University of Wichita, Wichita, Kan.; Centenary College, Shreveport, La.; Loyola University, New Orleans; University of Baltimore, Baltimore; Boston University, Boston; Springfield College, Springfield, Mass.; Clark University, Worcester, Mass.; Detroit University, Detroit; Calvin College, Grand Rapids, Mich.; Northern State Teachers College, Marquette, Mich.

University of Minnesota, Minneapolis; Millsaps College, Jackson, Miss.; Kansas City School of Law, Kansas City; St. Louis University, St. Louis; University of Omaha, Omaha, Neb.; Uni-

versity of New Mexico, Albuquerque; St. Peters College, Jersey City, N. J.; New York State College for Teachers, Albany; New York University, New York; Davidson College, Davidson, N. C.; University of North Carolina, Raleigh; University of Cincinnati, Cincinnati; Western Reserve University, Cleveland; Ohio State University, Columbus; University of Toledo, Toledo, Ohio.

Oklahoma City University, Oklahoma City; University of Tulsa, Tulsa, Okla.; University of Oregon (extension division), Portland; University of Pennsylvania, Philadelphia; University of Pittsburgh, Pittsburgh; Southwestern College, Memphis, Tenn.; Vanderbilt University, Nashville, Tenn.; Southern Methodist University, Dallas, Texas; College of Mines and Metallurgy, El Paso, Texas; Texas Christian University, Fort Worth, Texas; Rice Institute, Houston, Texas; Incarnate Word College, San Antonio, Texas; University of Utah, Salt Lake City; University of Richmond, Richmond, Va.; Roanoke College, Salem, Va.; University of Washington, Seattle; Marquette University, Milwaukee; St. Johns University, Shanghai, China, and University of Hawaii, Honolulu.

Results will be announced in July.

Cincinnati C. L. U. Chapter to Be Headed by R. F. Ives

New officers of the Cincinnati C. L. U. chapter are: R. F. Ives, Massachusetts Mutual, president; W. T. Earls, New England Mutual, vice-president, and G. T. Kennedy, Lincoln National, secretary. C. A. Johannigman, Union Central, was elected a director.

J. M. Gantz, general agent Pacific Mutual Life, Cincinnati, gave his address on "Merchandising Life Insurance." The merchant, said Mr. Gantz, is the real professional man. Mr. Gantz criticized agents for talking too much about greatness of life insurance and the strength of their company and too little about the prospect and his wants.

C. R. Robb, Northwestern Mutual, retiring president, introduced Mr. Gantz. The June meeting will be informal.

World Wide Business

TORONTO, June 3.—In addition to its new branch at Cairo, Egypt, the Confederation Life reports progress in other foreign fields as a result of a lengthy trip by President C. S. Macdonald, and C. D. Devlin, agency superintendent.

Egyptian business will be handled through the American Foreign Insurance Association of New York, which now looks after the business of about 15 fire and casualty companies operating in Egypt. Though this is its first contact with life insurance in Egypt, the American Foreign is already associated with the Confederation Life in Shanghai and Straits Settlements.

The Confederation Life has also made tentative plans for business in India, where a number of British companies are now operating. It is already active in China, where it wrote about \$1,750,000 of new business last year. It continues to keep in force about \$11,000,000 of business in Mexico, in spite of uncertainty in that field.

Prudential Ratio Corrected

The Life Agent's Companion for 1937 published by THE NATIONAL UNDERWRITER shows \$3.10 as the Prudential's cost of handling each \$1000 insurance after the first year. This is found under the heading "Principal Insurance Expense Less Acquisition Cost per \$1000 in Force" on page 3 of the chart. The indication "o" is to signify that this figure is for ordinary only in the sense of excluding industrial. However, this figure does include intermediate monthly premium business which, if deducted, would result in the figure of \$2.81 for that portion of Prudential business which is purely ordinary.

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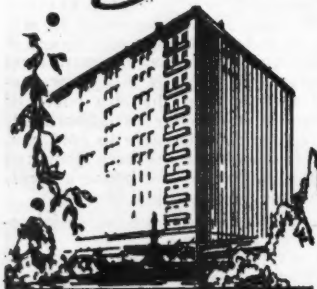
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